Saving Patterns in IDA Programs

Downpayments on the American Dream Policy Demonstration:

A National Demonstration of Individual Development Accounts

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Executive Summary

Can low income people save in a program of matched savings called individual development accounts (IDAs)? The data in this monitoring report indicate that IDA participants can save. Including all dropouts, they save an average of $33 per month and $0.71 of every dollar that could be saved and matched. Especially noteworthy, very poor IDA participants save almost as much as other participants, and save a much larger portion of their income.

American Dream Demonstration

The "American Dream Demonstration" (ADD) is a nationwide demonstration of IDAs. ADD is scheduled to run for four years (1997-2001), with an additional two years of evaluation (until 2003). A projected 2,000 people will have IDAs at 14 programs[1] around the country. In terms of scope and resources, ADD may be the largest policy demonstration in the country at the present time.

The Corporation for Enterprise Development (CFED) in Washington, DC has designed and is guiding ADD. The Center for Social Development (CSD) at Washington University in St. Louis has designed the evaluation.

The evaluation of ADD is the first major study of IDAs. *Downpayments on the American Dream Policy Demonstration, Startup Evaluation Report* (Sherraden et al., 1999), covered the initial start-up period of ADD through June 30, 1998. This report includes information on IDA programs, participants, and saving patterns through June 30, 1999. Two more annual monitoring reports are planned, covering the periods through June 30, 2000, and June 30, 2001.

The data for this report come from the Management Information System for Individual Development Accounts (MIS IDA), a software package and monitoring tool created and supported by CSD. MIS IDA is a program-administered data-collection instrument. Among other things, MIS IDA provides management tools such as account statements and reports and generates a comprehensive database with information on program characteristics, participant characteristics, and enrollment, savings, and withdrawals.

For this report, CSD has merged MIS IDA data from all 14 programs into a single data set. We describe program characteristics; participant characteristics; patterns of enrollment, savings, and withdrawals; and saving outcomes for these 14 programs as a whole (in Appendix A we present data separately for each program). Then we examine program and participant characteristics that are associated with saving outcomes.

Program Characteristics

All 14 IDA programs are run by private, not-for-profit organizations. Six are housed in community development organizations, and the remaining programs are evenly split among

[1] One sponsoring organization, the Community Action Project of Tulsa County, has two IDA programs. Therefore, in future chapters of this report, we describe and refer to 14 "IDA programs" but 13 "sponsoring organizations."

social service agencies, banks or credit unions, housing development organizations, and organizational collaboratives.

In all 14 programs, participants earn interest on their IDA balances and receive monthly account statements. Nine programs offer a single match rate to all participants; five offer varied match rates, depending on IDA use and/or participant economic status. Overall, match rates range from 1:1 to 7:1. The most common is 2:1.

All programs allow participants to use their IDAs for home purchase, microenterprise development, and education. More than half also allow participants to use matching funds for job training or for home repair. About half of the programs have a waiting period before participants may make a withdrawal. Nine programs report having penalties for unapproved withdrawals.

Participant Characteristics

As of June 30, 1999, there were 1,326 ADD participants. A participant is defined as someone who is or has been enrolled in an IDA program and who has at least one account statement recorded in MIS IDA. ADD participants are primarily female (78%), urban residents (84%), and 20-50 years old (86%). About 41% are Caucasian, 40% are African-American, 12% are Latino, 2% are Asian or Pacific Islander, and 2% are Native-American. Just under half are single (never-married), 24% are married, and 30% are divorced, separated, or widowed.

More than 90% of ADD participants live in households with incomes below 200% of the poverty line, and about 43% are below the poverty line. About 15% have not completed high school, 27% have a high school degree, 38% attended some college, and 20% have a college degree. Almost 60% are employed full-time, 25% are employed part-time, and 11% are involuntarily unemployed. Eighty percent have a checking or savings account.

Compared to the U.S. population below 200% of the poverty line, ADD participants are more likely to be female, African-American, and never-married. ADD participants are also more likely to have attended college or to have a college degree and less likely to have dropped out of high school. Finally, ADD participants are more likely to already have a bank account and more likely to be employed. Thus, compared to non-participants with similar income, ADD participants are more likely to be disadvantaged in terms of gender, ethnicity, and marital status, but less likely to be disadvantaged in terms of education, employment status, and use of banks. The targeting of most ADD programs to the "working poor" explains the higher level of employment, and is probably related to the higher level of education and being "banked."

Enrollment, Saving, and Withdrawals

All savings data in this report are based on bank records. Thus, the MIS IDA data on both numbers of participants and amounts of saving are, as social research goes, quite reliable and trustworthy.

The reader should bear in mind that this report is based on at most two years of IDA program operation (due to time for program start-up, the median length of operation as of June 30, 1999, is 15 months), and most participants have been in the IDA program for less than one year (the median length of participation is 9 months). With greater experience in IDAs, outcomes are likely to change in ways that we cannot predict at this time.

Enrollment in ADD began rather slowly, with 4 enrollees between July and September 1997. After one year, enrollment was running at over 200 per quarter, a level roughly maintained through June 30, 1999. The typical experience at ADD programs is of slow start-up and then rapidly rising enrollment as people begin to understand and trust the program. ADD program sponsors no longer talk about recruitment as a major challenge.

As of June 30, 1999, participant savings totaled $378,708. Matching funds for these savings were $741,609, about twice the participant savings amount, reflecting the typical match rate of 2:1. Total IDA accumulation (participant savings plus match) was $1,120, 317.

Ninety-two ADD participants had made matched withdrawals by June 30, 1999, and these matched withdrawals totaled $149,339. Participants used matched withdrawals for microenterprise (33%), home purchase (27%), home repair (20%), and education (20%). This pattern is different from the overall intended uses of IDAs; 55% of participants intend home purchase, 17% intend post-secondary education, and 17% intend microenterprise. These intended uses are shaped in part by the nature of the organizations in ADD. We believe early withdrawals for microenterprise are common because small sums may be used for small businesses, whereas larger amounts are usually required for home purchases.

Saving Outcomes

In this report, we create a number of saving outcome measures. No single measure of saving tells us all that we want to know, but together, the measures describe different aspects of how people save. The measures address the amount of accumulated savings, the regularity (in time and in amount) of deposits, and the closeness of actual saving behavior to the savings goals of the program. Key measures are:

Participant savings. *Participant savings* is defined as all deposits and interest minus unapproved withdrawals. The savings match is not included. This measure does not account for the length of participation, for the timing of deposits or withdrawals, nor for different savings goals among participants or programs. Participant savings varies quite a lot by IDA program because different programs have different savings goals and expectations, and because programs started at different times. Across all programs, the median participant in ADD had savings of $181; the mean was $286; and the largest amount of savings was $2,253.

Average monthly deposit. *Average monthly deposit* is defined as participant savings divided by the number of months of participation. Unlike participant savings, average monthly deposit does control for the length of time that a participant has had the opportunity to save. Across all programs, the median average monthly deposit was $23 and the mean was $33.

Deposit regularity. *Deposit regularity* is defined as the number of months with a deposit divided by the number of months in which a deposit was possible. Deposit regularity indicates to what extent participants save steadily through time. For the purpose of this measure, deposits of accrued interest are not counted as deposits. Across all programs, deposit regularity has a median value of 0.7, indicating that the typical IDA participant made a deposit in seven out of every ten months. It is important to note that this is active saving, without benefit of automatic payroll deductions.

Proportion of savings goal. The *proportion of savings goal* is defined as the ratio of the average monthly deposit to the monthly savings goal. The monthly savings goal is taken as one-twelfth of the annual amount eligible for a match, as set by the program. Thus the proportion of savings goal indicates the closeness of actual savings behavior to the behavior that would take full advantage of the incentives offered by the program. Overall, the median value is 0.59. In other words, the typical IDA participant saved $0.59 for every dollar she could save and have matched. The mean value is 0.71, indicating that ADD participants together saved $0.71 of every dollar that they could save and have matched. These figures include the 107 participants (8%) who are "dropouts" and have saved little or nothing. Thus, the savings performance of most ADD participants is strong.

Overall, saving outcomes in ADD are quite positive. Participants, including "dropouts," have saved an average of $33 per month and accumulated an average of $286. With matching funds, the average accumulation is $845 over an average of nine months of participation.

While we are not able at this time to say whether participants have shifted other assets into IDAs, this seems unlikely for most participants given their low levels of non-IDA assets (median checking account balance of $35, and median savings account balance of $2), nor is there a statistical relationship between level of non-IDA assets and savings performance.

Program Characteristics and Saving Outcomes

Next, we identify program characteristics that seem to be associated with saving outcomes. We do not want to overinterpret the findings regarding program characteristics and saving outcomes, largely because we have only 14 IDA programs. Still, we would like to highlight key findings. These observations come from multivariate analysis, controlling for participant characteristics:

- The age (and presumably experience) of the sponsoring organization is positively associated with participant savings and proportion of savings goal over time. Age of organization is also positively associated with deposit regularity. The age (and presumably experience) of the IDA program has very similar effects on saving outcomes as age of organization. Overall, there is a strong indication that age and experience matter at both the organizational and program level.

- The average monthly deposit goal appears to have a positive impact on participant savings and average monthly deposit, but a negative impact on proportion of savings goal and proportion of savings goal over time. In other words, when programs set a high goal for savings, it increases savings, but participants also tend to fall short of the higher savings goal.

- The proportion of IDA participants who had an affiliation with the sponsoring organization prior to the IDA program has consistent positive associations with saving outcomes, except for deposit lumpiness, where the association is negative. Overall, there is a strong indication that relationships with participants matter a great deal on saving performance.

Participant Characteristics and Saving Outcomes

Next, we identify participant characteristics that seem to be associated with saving outcomes. These observations come from multivariate analyses that include program characteristics as well as participant characteristics. These relationships can be described with a much higher degree of confidence than results related to program characteristics because we have more than 1,100 participants. Key results are as follows:

- Older participants save more and more regularly. This finding is generally expected.

- Race/ethnicity is related to savings. African-Americans save smaller amounts than Caucasians. This finding is of concern and more investigation is needed. However, despite the lower savings of African-Americans, it is important to note that they still save an average of $28 per month.

- The effects of education are large. Compared to college graduates, other IDA participants save less. Those who have not completed high school save much less.

- Income does not have a statistically significant effect on the amount of savings.

- Consistent with the above, very income-poor households save in IDAs at a higher rate than less income-poor households. Households with income at half the poverty line or below save, on average, 8% of their income in IDAs. Households with incomes of 150% of poverty or more save about 2% of their incomes in IDAs.

This last finding is consistent with an institutional theory of saving, wherein it is the characteristics of the IDA program itself more than individual characteristics (even income) that have the strongest effects on saving. In IDA programs, the expectation of a certain amount of matchable savings, along with other program characteristics, appears to shape saving behavior very strongly.

These early results from ADD will surely raise questions and generate debate. This discussion and future research, in ADD and elsewhere, will hopefully enable us to learn more about the potential of asset building policy and programs for the poor.

Reference

Sherraden, M., Page-Adams, D., & Johnson, L. (1999*). Downpayments on the American Dream Policy Demonstration, Startup Evaluation Report*. St. Louis: Center for Social Development, Washington University.

1. Can the Poor Save? Theory, Evidence, and Questions

This chapter describes existing theories of saving and asset accumulation, argues that institutions have a profound impact on saving-related behaviors and outcomes, and identifies many mechanisms through which IDAs might increase saving and asset accumulation.[1] First, it is important to define saving, assets, and asset accumulation. According to conventional definitions, saving occurs when an individual foregoes current consumption in order to have greater consumption in the future. Thus, *saving* refers to a flow of economic resources. *Assets* are stocks of economic resources, and *asset accumulation* refers to increases in wealth over time. It is important to note that individuals may save without experiencing observable asset accumulation, if they frequently withdraw money from savings. This distinction actually reflects measurement error: If asset levels were recorded more frequently, we would observe short-term asset accumulation. Since this type of measurement error is inevitable, we are interested in both saving and asset accumulation. Saving is important, because it indicates that individuals are able and willing to postpone consumption, even if assets are quickly depleted. Asset accumulation is important because stocks of economic resources enable individuals to meet life-cycle needs, cope with emergencies, and acquire other productive assets (Rutherford, 1999). In addition, if Sherraden (1990, 1991) is correct, asset holding has additional benefits beyond increased opportunities for consumption.

Individuals may save in different ways and accumulate different types of assets. For example, they may store tangible goods, they may invest in human capital, or they may loan money or in-kind resources to social network members. In this report, we are primarily interested in financial and physical assets (particularly the value of owner-occupied housing).[2] Empirical evidence clearly indicates that higher-income households save a larger portion of their incomes, and accumulate greater wealth, than lower-income households. In fact, most lower-income households have very low (even negative) saving rates and very limited (again, often negative) asset accumulation (Bernheim & Scholz, 1993; Bunting, 1991; Carney & Gale, forthcoming; Hubbard, Skinner, & Zeldes, 1994a, Table 2). For the reasons noted above, it is important to explain these patterns of saving and asset accumulation. The following section summarizes the key assumptions and propositions of existing theories of saving and asset accumulation.

Existing Theories of Saving and Asset Accumulation

Existing theories of saving and asset accumulation, which are actually at various stages of theoretical development, may be classified into three categories: (1) neoclassical economic, (2) psychological and sociological, and (3) behavioral.

[1] This chapter is based in part on Beverly, S. G., & Sherraden, M. (1999).

[2] These assets are relatively easy to value. Also, in industrialized countries, most measures and most of the existing theories of saving and asset accumulation emphasize financial assets and the value of owner-occupied housing. However, by excluding other types of assets, we necessarily underestimate the extent of saving in low-income, low-wealth households.

Neoclassical Economic Theories

Neoclassical economic models assume that individuals are rational beings who respond in predictable ways to changes in incentives. From this perspective, there are two broad determinants of individual behavior: opportunities (or constraints) and individual preferences (Pollak, 1998). Preferences are generally assumed to be stable and exogenous. Many economic models also assume that individuals have perfect knowledge and access to perfect markets. With regard to theories of saving and asset accumulation, it is important to note that individual utility (i.e., happiness or satisfaction) is assumed to be a function of consumption. Therefore, economic models generally treat saving as a residual, resources that are left over after consumption decisions have been made.

The two most well-known neoclassical theories of saving are the life cycle hypothesis (Ando & Modigliani, 1963; Modigliani & Ando, 1957; Modigliani & Brumberg, 1954), and the permanent income hypothesis (Friedman, 1957). Both of these theories assume that individuals and households are concerned about *long-term* consumption opportunities and therefore explain saving and consumption in terms of expected future income. Proponents of these models view saving as a way to "smooth" consumption in the face of income fluctuations. Since consumption is determined by anticipated lifetime resources (rather than current resources), saving over short periods of time (e.g., a year) is expected to reflect departures of current income from average lifetime resources. In other words, according to these theories, when current income falls below average expected lifetime income, saving decreases, and individuals and households may even borrow to finance consumption. When current income exceeds average expected lifetime resources, individuals and households save.

As its name suggests, the life cycle hypothesis (LCH) posits that consumption and saving reflect an individual's stage in the life cycle, which is generally proxied by age. Since retirement, for most people, is the most substantial and enduring "income fluctuation," this model emphasizes saving for retirement as a primary motivation for deferred consumption.[3] Young households are expected to have negative saving since they typically have relatively low earnings and incur debt for education, the purchase of homes, and other expenses. In the middle-age, saving is expected to be positive because individuals pay their debts and begin to save for retirement. Upon retirement, dissaving is expected to occur. Thus, differences in consumption and saving among households are believed to be partly the product of age differences, and the pattern of saving and dissaving creates an inverted U-shaped pattern ("hump saving," according to Harrod, 1948) across age categories and/or over time (Ando & Modigliani, 1963; Modigliani & Ando, 1957; Modigliani & Brumberg, 1954).

Like the life cycle hypothesis, the permanent income hypothesis (PIH) assumes that long-term income is the primary determinant of consumption. In this model, permanent income refers to the present value of lifetime income, and transitory income refers to the difference between current income and permanent income. Friedman (1957) claims that consumption will respond to changes in permanent but not transitory income. In other words, when an individual

[3] More complex LCH models also consider as possible saving motives the desire to leave a bequest (e.g., Hurd & Mundaca, 1989; Menchik & David, 1983) and the desire to prepare for emergencies (e.g., Hubbard, Skinner, & Zeldes, 1994a, 1994b, 1995).

experiences an increase in income that she perceives as temporary, she is expected to save, rather than consume, this money. If she perceives the increase to be permanent, she is expected to raise her consumption standards.[4] Observed differences in household saving and consumption are believed to reflect, in part, differences in the relative shares of transitory and permanent income.

In recent years, a small number of economists have proposed alternatives to the LCH and PIH, the so-called "buffer-stock" models of saving (e.g., Carroll, 1997; Carroll & Samwick, 1997; Deaton, 1991). These models emphasize a precautionary motive for saving, particularly for younger households and for households facing greater income uncertainty. These households are expected to accumulate small stocks of assets ("buffer stocks") to smooth consumption in the face of short-term income fluctuations and liquidity constraints. The pattern of asset accumulation predicted by buffer-stock models is very different than the inverted U-shape predicted by the LCH: Wealth is expected to remain fairly constant (assuming that households have accumulated and can maintain their optimal buffer stocks) until about age 50 when households begin saving for retirement (see, e.g., Carroll & Samwick, 1997, Figure 3).

Psychological and Sociological Theories

Psychological and sociological theories of saving posit that the effects of external stimuli on economic behavior are conditioned by intervening variables such as motives, aspirations, and expectations (Katona, 1975; Olander & Seipel, 1970; Strumpel, 1972, 1975; Van Raaij, 1989). However, unlike neoclassical economic theories, these theories do not assume that preferences and aspirations are fixed. In fact, psychological and sociological theories of saving explicitly seek to explain saving-related preferences, aspirations, and expectations.

The most well-known economic psychologist, George Katona (1951, 1975), has noted that saving is a function of two sets of factors, ability to save and willingness to save. The emphasis on ability to save acknowledges that some individuals, because of limited economic resources or special consumption needs, find it more difficult to defer consumption than others. At the same time, those individuals who can postpone consumption still must *choose* to do so, a decision that requires some degree of willpower. In particular, Katona claims that "consumer sentiment" (i.e., the evaluation and expectations people have regarding the economic circumstances of the nation and their own households) determines households' willingness to save. For example, households are expected to postpone consumption and save for future security if their perceptions of household finances, interest rates, unemployment, inflation, and so forth are pessimistic. Other psychological and sociological propositions consider the effects of families (Cohen, 1994), peers (Duesenberry, 1949), and past saving experiences (Furnham, 1985; Katona, 1975) on consumption patterns, saving-related beliefs, and aspirations for saving.

Behavioral Theories

Finally, in addition to economic, psychological, and sociological theories, there are a few behavioral theories of saving. Although these theories are partly rooted in economics, they modify conventional economic models in two important ways. First, behavioral theories do not

[4] In its strongest form, the PIH posits that the marginal propensity to consume (MPC) out of transitory income is zero. Other forms of the PIH suggest that the MPC out of transitory income will be low but greater than zero.

assume that income and wealth are perfectly fungible. Instead, Shefrin and Thaler (1988; see also Thaler, 1990, 1994) propose that individuals use systems of mental accounts and that the marginal propensity to consume (MPC) varies across accounts. For example, individuals may code resources as current income, current assets, or future income. The MPC from current income is expected to be close to one, the MPC from future income is expected to be close to zero, and the MPC from current assets is expected to be somewhere in between.

Second, behavioral theories do not assume that individuals have perfect knowledge or behave in perfectly rational ways. Instead, these theories emphasize that individuals sometimes have trouble resisting temptations to spend. Therefore, individuals may benefit from creating their own behavioral incentives and constraints (Shefrin & Thaler, 1988; Thaler, 1994). These rules may be externally imposed, although individuals voluntarily place themselves under these restrictions (e.g., a Christmas saving account), or self-imposed (e.g., "rules-of-thumb," such as avoiding borrowing or restricting borrowing to specific purchases). With these rules in mind, household saving is seen as "the result of the successful and sophisticated imposition of welfare-improving, self-imposed constraints on spending" (Maital & Maital, 1994, p. 7).

Behavioral theories imply that saving and asset accumulation are likely to increase when mechanisms of contractual saving (see Katona, 1975, pp. 230-233) or precommitment constraints are available. These mechanisms make it difficult to choose current pleasure at the expense of future pleasure (Maital, 1986; Maital & Maital, 1994; Shefrin & Thaler, 1988). A common precommitment constraint is payroll deduction. When pension plan contributions, for example, are deducted from an individual's paycheck, temptations to spend that money are eliminated, and the participant no longer has to make, on a monthly or biweekly basis, a conscious decision to postpone consumption. Her "willingness" to save is, in effect, guaranteed.[5] Other precommitment constraints include Christmas and vacation accounts, over-withholding of income tax, and even mortgage-financed home purchases (Maital & Maital, 1994).[6]

Saving in Low-Income Households

In their current stages of development, none of the existing theories provides a suitable explanation for saving and asset accumulation in low-income households. The mainstream economic theories described above are inadequate for many reasons. Although the PIH and the LCH have been very influential in the field of economics, the simplest versions of the theories do not reflect detailed reality. As explanations of saving in the general population, these theories have been criticized on both theoretical and empirical grounds. Additional weaknesses are apparent when these theories are applied to low-income households.

Most fundamentally, both the LCH and the PIH assume that individuals have (or act as if they have) almost-perfect vision regarding future income flows, prices, household consumption, and

[5] It is interesting to note that, in a recent study of community development credit union members, 48% of survey respondents said that direct payroll deposit (into savings) would make it easier for them to save (Silverman, 1997).
[6] Mortgage-financed home purchases facilitate saving because mortgage payments are a contractual obligation and because the part of each payment that goes toward principal increases the buyer's home equity. In fact, Maital and Maital (1994) suggest that the desire for this precommitment mechanism is as strong a motivation for mortgage-financed home purchases as the incentive created by the tax-deductibility of interest payments.

life span and that they manifest rationality and self-control as they prepare for retirement. However, as Bernheim and Scholz (1993) suggest,

> ...the life cycle decision is extraordinarily complex, in that it requires an individual to contemplate labor earnings, investment strategies, macroeconomic trends, and a vast assortment of risks, all over a very long time frame. It would be surprising if the average individual, in isolation, with no practice and little or no training, would act as a perfectly rational, farsighted utility maximizer. (p. 87)

In fact, empirical studies suggest that the majority of Americans lack the financial sophistication and information to make even basic economic calculations (Bernheim, 1994). Since low-income individuals are likely to have limited financial sophistication, they are particularly unlikely to make optimal long-term decisions regarding saving and consumption.

There are other reasons that individuals may not adhere to their optimal lifetime consumption profiles. In the United States, the ability to smooth lifetime consumption typically requires households to have incomes during their later working years that exceed their consumption needs (enabling them to pay off debts and save for retirement) and to have savings which can act as a cushion—or access to credit—when current income is low. In reality, imperfect credit markets and uncertainties regarding future income may prevent households from borrowing against future income, so that they are unable to finance optimal consumption (Modigliani, 1986; Smyth, 1993). Individuals with irregular earnings or with low lifetime earnings are particularly likely to face binding liquidity constraints. Moreover, many low-income individuals may never have earnings that substantially exceed their consumption needs.

In addition to these theoretical weaknesses, empirical evidence regarding the LCH and the PIH is ambiguous, at best. The fact that many cross-sectional studies of saving reveal an inverted U-shaped saving pattern across age categories is often cited as evidence for the LCH. The results of several time-series tests are also consistent with the LCH and the PIH. In these instances, however, there may be more accurate *alternative* explanations. As Smyth (1993) and Green (1984) point out, observed patterns of "hump-saving" are not necessarily consistent with the precise pattern predicted by the LCH and do not rule out competing hypotheses. In other words, the failure of empirical tests to refute the LCH or the PIH does not prove that these models offer the best explanation of saving.

There are other, more specific, challenges to the LCH and PIH. Empirical studies suggest that household consumption may be more sensitive to changes in transitory or current income than either of these models predict. Not only are yearly consumption patterns too highly correlated with income, but over the life-cycle, young and old individuals appear to consume less than these models predict while the middle-aged consume more (Thaler, 1990). Furthermore, contrary to LCH and PIH predictions, it appears that predictable changes in income result in both consumption and saving changes rather than changes in saving alone (Wilcox, 1991).[7]

[7] Recall that the LCH and PIH imply that predicted changes in income will result in changes in saving rather than consumption, because individuals will have already adjusted their consumption to these anticipated changes.

Empirical evidence also challenges the fungibility assumption, the belief that various forms of wealth (both present and future) are very easily substitutable for one another. This assumption implies that changes in one form of saving will be offset by changes in other forms and that the marginal propensity to consume out of all types of wealth should be equal. In a review of several related studies, however, Shefrin and Thaler (1988) note that no researcher has found a complete (or even nearly complete) offset in other savings when pension contributions increased, and some have found *positive* effects of pension saving on other saving. The existence and magnitude of offsetting effects from public policies designed to increase private saving is also the subject of much debate.[8] And, contrary to the fungibility assumption, it appears that the marginal propensities to consume out of pension wealth and home equity are quite low (Thaler, 1990).

Finally, the empirical evidence cited above indicates that most low-income households have very low saving rates and very limited asset accumulation. The fact that these patterns are observed even among households nearing the age of retirement challenges conventional life cycle models and the more recent buffer-stock models of asset accumulation.[9] However, there is some evidence that empirical patterns are more consistent with the "augmented" life cycle models proposed by Hubbard, Skinner and Zeldes (1994a, 1994b, 1995). These models incorporate uncertainty regarding earnings, out-of-pocket medical expenditures, and length of life. They also model means-tested public welfare programs such as Aid to Families with Dependent Children and Medicaid.

Psychological and sociological propositions complement economic theories of saving by attempting to explain saving-related motives, aspirations, and expectations. Again, however, few of these propositions explicitly attempt to explain the saving or asset accumulation of low-income households. Even more importantly, empirical support for these propositions is fairly limited. Many propositions have not been tested, and studies that do examine psychological and sociological variables often suggest that they play a minor role in saving decisions, relative to economic variables (e.g., Furnham, 1985; Lunt & Livingstone, 1991; Pritchard, Myers, & Cassidy, 1989; Van Raaij & Gianotten, 1990). Behavioral theories of saving have also devoted little attention to low-income saving, and there have been few direct tests of behavioral propositions.[10]

[8] See, e.g., Bernheim (1999), Engen, Gale, and Scholz (1994), Gravelle (1991), Hubbard & Skinner (1996), and Poterba, Venti & Wise (1996a, 1996b).

[9] Buffer-stock models assume that older households will save for retirement. These models also imply that low-income households should be *more* motivated to accumulate buffer stocks than middle- and upper-income households, because their future consumption is more uncertain (Deaton, 1992, p. 194).

[10] See Shefrin and Thaler (1988) for indirect evidence in support of behavioral propositions.

Table 1.1 Summary of Neoclassical Economic Saving Theory

Key Assumptions	Key Variables	Expected Effects of IDAs
• Saving is largely a residual—what's left over after consumption decisions have been made • Individuals consider lifetime (not only current) economic resources when making consumption decisions, and expectations regarding lifetime resources are rational • Individuals want to avoid large fluctuations in consumption; saving, dissaving, and borrowing allow individuals to "smooth" consumption • Individuals have access to perfect credit, saving, and insurance markets • Individuals have perfect knowledge about how to save and about the costs and benefits of saving • Individual preferences are relatively stable	• Income and assets • Age / stage in life cycle • Expectations • Incentives / disincentives • Preferences	• IDAs increase the rate of return on saving but may not result in net saving for two reasons: 1. Individuals may finance deposits by withdrawing money from existing assets; and 2. Increases in the rate of return on assets decrease the amount of saving needed to finance a given level of future consumption • IDAs may increase saving and asset accumulation because (in some cases) deposits are not counted toward asset limits of means-tested transfer programs • IDAs may increase asset accumulation because restrictions on withdrawals increase the cost of spending IDA savings • IDAs are not likely to change preferences

Table 1.2 Summary of Psychological and Sociological Saving Theory

Key Assumptions	Key Variables	Expected Effects of IDAs
• The effects of external stimuli on economic behavior are conditioned by intervening variables such as motives, aspirations, and expectations • Explicitly seeks to explain saving-related motives, aspirations, and expectations • Individual preferences and aspirations are shaped by economic and social stimuli	• Consumer sentiment • Social and cultural norms • Personal norms • Saving motives and goals • Expectations of success	• IDAs may increase saving because their very existence sends the message that saving is "good" and that low-income households can save and accumulate assets • IDAs may increase saving because the act of choosing an intended IDA use encourages individuals to consider the benefits of saving and asset accumulation • IDAs may increase saving because economic education classes teach participants about the benefits of saving and asset accumulation • IDAs may increase saving because individuals receive positive reinforcement (both formal and informal) for saving • IDAs may increase saving because participants receive monthly statements reminding them of their savings goals and showing progress toward these goals • There may be positive feedback effects: If IDAs facilitate saving, then experiences of successful saving may increase participants' motivation to save • IDAs may change preferences because economic education classes and match deposits send the message that saving is "good"

Table 1.3 Summary of Behavioral Saving Theory		
Key Assumptions	**Key Variables**	**Expected Effects of IDAs**
• Individuals have imperfect knowledge about how to save • Even when they understand the value of saving and want to save, individuals have trouble resisting temptations to spend. Therefore, individuals may create their own behavioral incentives and constraints • Emphasis on financial management strategies	• Fixed vs. flexible saving plans • Precommitment constraints • Mental accounting schemes	• IDAs may increase saving because economic education classes teach financial management and saving strategies • IDAs may increase saving because monthly saving goals encourage participants to develop the habit of saving regularly • IDAs may increase saving because automatic deposits help individuals resist temptations to spend • IDAs may increase asset accumulation because restrictions on withdrawals help individuals resist temptations to spend • IDAs may increase saving by giving participants a socially acceptable reason not to share surplus resources

Expected Effects of IDAs

An IDA is a formal institution specifically designed to promote and facilitate saving and asset accumulation in low-income households. In this section, we describe the expected effects of IDAs from each of the three theoretical perspectives. This information is summarized in Tables 1.1-1.3

Neoclassical Economic Theories

As noted above, neoclassical economic models emphasize the effects of incentives on behavior. Most relevant to saving is the rate of return. However, neoclassical economic theory does not predict that an increase in the rate of return will necessarily increase saving. There are two key issues. First, changes in the rate of return on assets may simply result in the "reshuffling" of assets, with no new saving. Second, for net savers, an increase in the after-tax rate of return has two contradictory effects. Individuals may choose to save more because the price of current consumption increases relative to the price of future consumption (the substitution effect). On the other hand, with higher rates of return, individuals can save less and still enjoy the same amount of future consumption (the income effect). Therefore, neoclassical economic theory does not predict that IDAs will necessarily increase saving.

Other incentives and disincentives that are relevant to IDAs include asset restrictions associated with means-tested transfer programs and the cost of spending IDA savings. When IDA deposits are not counted toward the asset limits associated with transfer programs, as in the Temporary Assistance to Needy Families (TANF) program, IDAs may increase saving and asset accumulation. In addition, IDAs may be expected to increase asset accumulation because restrictions on IDA withdrawals increase the cost of spending IDA savings.

Finally, in addition to incentive structures, recall that neoclassical economic models often attribute unexplained differences in behavior to differences in individual preferences. These preferences are assumed to be autonomous and stable. Neoclassical models do not predict that IDAs will change preferences.

Psychological and Sociological Theories

From a psychological and sociological perspective, IDAs may increase saving and asset accumulation for several reasons. First, the very existence of IDAs sends the message that saving is "good" and that low-income households can save and accumulate assets.[11] Second, economic education classes teach participants about the benefits of saving and asset accumulation. Third, the act of choosing an intended IDA goal encourages participants to think about the benefits of saving and asset accumulation. Fourth, IDA participants receive positive reinforcement for saving. This positive reinforcement is both formal, through match deposits, and informal, through staff and peer encouragement. Fifth, IDA participants receive monthly statements reminding them of their saving goals and showing progress toward these goals. Finally, there may be positive feedback effects: If IDAs facilitate saving (for any number of reasons), then experiences of successful saving may increase participants' motivation to save.[12]

Behavioral Theories

Behavioral theories also imply that IDAs are likely to increase saving and asset accumulation. First, economic education classes teach financial management and saving strategies. Second, having monthly saving goals may encourage participants to develop the habit of saving regularly. Third, when available, automatic deposits into IDAs help individuals resist temptations to spend money before depositing it into their accounts. Fourth, restrictions on withdrawals help individuals resist temptations to spend their savings. Finally, IDAs give participants a socially acceptable reason for not sharing surplus resources.

Institutional Determinants of Saving

Sherraden (1990, 1991) has proposed a theory of welfare based on assets which emphasizes the role of institutions (i.e., formal and informal socioeconomic relationships, rules, and incentives) in asset accumulation. This perspective is part of a larger body of institutional theory emphasizing that societal institutions shape, and give meaning to, individual behavior (see, e.g., Gordon, 1980; Neale, 1987). According to Sherraden (1991), "asset accumulations are primarily the result of institutionalized mechanisms involving explicit connections, rules, incentives, and subsidies" (p. 116). He emphasizes the subsidies provided through housing- and retirement-related tax benefits, including deductions for home mortgage interest and property taxes, deferment and exclusion of capital gains on sales of principal residences, exclusions for employment-sponsored pension contributions and earnings, deferments for Individual

[11] For more on the role of "messages" conveyed by saving incentives, and even the simple existence of saving institutions, see Bernheim (1996), Carroll and Summers (1987), and Cagan (1965).

[12] For more on the role of aspirations and expectations of success, see Furnham (1985), Katona (1975), and Lewin, Dembo, Festinger, and Sears (1944).

Retirement Accounts and Keogh Plans, and employer contributions to employee pension plans. Because these mechanisms for asset accumulation are subsidized or receive preferential tax treatment, Sherraden claims that it is easier for individuals who have access to these institutions to accumulate assets. But for the most part the poor are excluded from these opportunities.

It is important to note that each of the theories described above calls attention to institutions that are expected to affect saving and asset accumulation. Neoclassical economic theories emphasize the role of institutions that affect the economic costs and benefits of saving (e.g., markets and public policies). Psychological and sociological theories consider institutions that affect an individual's understanding or perceptions of economic costs and benefits, that change non-economic costs and benefits, and/or that shape preferences (e.g., peers and family members). Behavioral theories highlight the role of institutions that allow *individuals* to modify the costs and benefits of saving by creating their own incentives and constraints (e.g., payroll deduction, saving clubs, and the option to over-withhold income taxes). By integrating these theoretical perspectives—*while emphasizing the role of institutions*—it may be possible to develop a theory that more accurately explains saving and asset accumulation in the general population and in the low-income population.

Beverly and Sherraden (1999) have identified four major categories of institutional variables that are expected to shape saving and asset accumulation: (1) incentives, (2) information, (3) access, and (4) facilitation. These authors have also documented differences in access to these institutions[13] and have argued that limited access to these institutions may help explain the low saving rates and limited asset accumulation of low-income households. If empirical research confirms that these four categories of institutions (and perhaps others) do indeed predict saving and asset accumulation, then these constructs may provide a framework for integrating existing theories of saving and asset accumulation and may provide guidance to those seeking to develop programs and policies that promote asset accumulation.

Summary

With few exceptions, existing studies on saving and asset accumulation fails to explain the low rates of saving and asset accumulation observed in low-income households. Sherraden has argued that institutions have a substantial influence on saving-related behaviors and outcomes. Although economic, psychological, sociological, and behavioral theories all imply that particular institutions affect saving and asset accumulation, proponents of these theories have rarely used institutional variables to explain patterns of low-income saving and asset accumulation. We argue here that, by emphasizing the role of institutions and by integrating existing theoretical perspectives, it may be possible to develop a theory that more accurately explains saving and asset accumulation, particularly in low-income households. In this context, it is important to identify specific institutional characteristics that predict saving and asset accumulation *and* that offer guidance for programs and policies designed promote these behaviors and outcomes.

[13] For example, low-income individuals have less access to attractive tax benefits for asset accumulation, and those receiving means-tested welfare benefits often face saving *disincentives* in the form of asset restrictions. Members of low-income households are less likely to have access to financial education (see, e.g., Bernheim & Garrett, 1996) and to mechanisms that facilitate saving, such as payroll deduction and mortgage-financed home purchases.

In this chapter, we have also outlined the expected effects of IDAs from each of the three theoretical perspectives. Although the MIS IDA data do not allow us to evaluate the effects of IDAs in detail, we draw broad conclusions regarding theories of saving and asset accumulation in the final chapter of this report.

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2. Asset Building and Individual Development Accounts (IDAs)

Individual Development Accounts (IDAs) are special savings accounts that are designed to help people build assets for increased self-sufficiency and long-term economic security. Account holders receive matching funds as they save for purposes such as buying a first home, job training, going to a college, or starting or expanding a small business. IDAs can begin as early as birth and they are progressive (that is, low-wealth individuals and families receive greater matching funds). Funding for IDAs can come from public, non-profit, and/or private sources (funding partnerships are common).

IDAs were introduced by Sherraden (1988, 1991), who suggested that (1) saving and asset accumulation is largely a matter of structures and incentives (not merely personal preferences), and (2) assets may have a wide range of positive psychological, social, and economic impacts (in addition to deferred consumption). IDAs are a conceptually simple community development and public policy tool, adaptable to a wide range of applications and circumstances.

A brief history of asset building proposals and IDA policy development is summarized below:

- Asset building as an anti-poverty policy emerged with key publications in the 1980s and 1990s: *The Safety Net As Ladder* (Friedman, 1988), *Assets and the Poor* (Sherraden, 1991), and *Black Wealth/White Wealth* (Oliver and Shapiro, 1995).

- The first policy reports on IDAs were published in Washington, DC, by the Corporation for Enterprise Development (CFED) and the Progressive Policy Institute (PPI) in 1989 and 1990, creating a policy discussion that has built over the past decade. IDA proposals do not fit into a stereotypical "liberal" or "conservative" mold, and they typically have bipartisan support.

- An important impact of this discussion is that restrictions on asset holding for those who receive means-tested benefits have changed. Almost all states relaxed these restrictions during the 1990s.

- The first IDAs were initiated by community-based organizations in the early 1990s.

- Today, more than 200 community IDA programs are operating or ready to begin, and many more are in planning stages.

- United Way programs have started multi-site IDA programs in Atlanta, St. Louis, and Denver.

- The Eagle Staff Fund of First Nations Development Institute has launched IDA projects designed to serve American Indian populations.

- IDAs were included as a state option in the 1996 federal "welfare reform" law. Two provisions of the law are noteworthy: states can use Temporary Assistance to Needy

Families (TANF) resources to fund IDAs; any money in an IDA is exempt from asset limits in all federal means-tested programs. The latter is an important policy precedent. In 1999, the federal government ruled that IDAs would not count against a participant's "clock" for TANF eligibility.

- IDAs have been included in the welfare reform (TANF) plans of at least 25 states. To date, 9 states are using or plan to use TANF funds for IDAs.

- Several states have allocated state funds for IDAs, including Illinois, Indiana, Iowa, Minnesota, North Carolina, and Pennsylvania.

- Federal legislation for IDAs, *The Assets for Independence Act (AFIA)*, with $125 million in funding over 5 years, was signed into law in October 1998.

- Building on the principles and early successes of IDA programs, President Clinton proposed Universal Savings Accounts (USAs) in his 1999 State of the Union address. USAs would be matched savings accounts for low-income workers, to be funded with 11% of the budget surplus (estimated at $38 billion per year) over the next 15 years. Data on IDAs from ADD influenced the development and design of the USA proposal.

Other asset building developments in home ownership programs, individual training accounts, and other asset-based initiatives have grown over the past decade as well. There are also an increasing number of proposals in the federal government for Children's Savings Accounts, expanded and progressive IRAs, and similar asset building measures. At the moment, this overall policy direction is in a period of rapid innovation.

At the same time, key questions for research in asset-based policy are being identified. The first question, which is related to the "policy impact," is: Do IDAs enable the poor to accumulate assets and use them to meet life goals? Two additional questions related to IDAs may in fact be more fundamental, connecting to existing bodies of social science knowledge. These questions have been identified and later specified as working propositions (Sherraden, 1999). The second question is: How can the poor save? In brief, there is reason to believe that the poor save not only because of personal preferences, but also because of institutional factors -- information, incentives, access, facilitation (discussed in Chapter 1). The third question is: What are the effects of asset holding? In brief, asset holding appears to have multiple and generally positive effects on individuals, families, and communities, in addition to deferred consumption (Sherraden, 1991; Page-Adams and Sherraden, 1997; Boshara, Scanlon, and Page-Adams, 1998). These last two questions have the potential to alter the way saving and asset holding are understood, and they provide an intellectual foundation for asset-based policy. However, a great deal more empirical and theoretical work will be necessary.

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3. The American Dream Demonstration (ADD)

The first large-scale test of Individual Development Accounts (IDAs) as a social and economic development tool for low-wealth households and communities was initiated by the Corporation for Enterprise Development (CFED) in September 1997 in the form of a national policy demonstration. The Downpayments on the American Dream Policy Demonstration, or the "American Dream Demonstration" (ADD), involves 13 sponsoring organizations[1] selected through a competitive process to design, implement, and administer IDA initiatives in their local communities. Fourteen IDA programs in ADD are establishing about 2,000 IDAs in low-income communities across the country, with 13 programs each having 50 to 150 accounts and one program (experimental design) establishing 500 accounts. The demonstration will operate from 1997 through 2001, with an additional two years of post-program evaluation to 2003.

In addition to offering matched savings accounts, each IDA program offers an economic education curriculum. Each program determines the amount of class participation required.

The Sponsoring Organizations

Thirteen sponsoring organizations are participating in the American Dream Demonstration. Here, we briefly describe these organizations and the populations served by their IDA programs. This information is summarized in Table 3.1

ADVOCAP, Inc., Fond Du Lac, Wisconsin. ADVOCAP is a community action agency whose mission is to create opportunities for people and communities to reduce poverty. Operating revenues of $7.4 million support 180 staff positions and the operation of agency services across 12 different departments, serving three counties. ADVOCAP provides emergency services as well as permanent solutions based on asset development approaches. Asset development models include a business development program, established in 1985, a first-time home ownership program, established in 1990, and one of the first IDA programs, established in 1995. The IDA program serves a target population at or below 150% of the federal poverty line. Participants are primarily referrals from other ADVOCAP programs.

Alternatives Federal Credit Union (AFCU), Ithaca, New York. AFCU is a community development credit union whose mission is to provide a full range of banking services and financial resources for small businesses, non-profit organizations, and under-served segments of the community. AFCU stresses customer service and provides alternative financial options including flexible mortgages, community lending partnerships, and a youth credit union. AFCU partnered with Ithaca Housing Authority's Family Self-Sufficiency Program to develop and implement its IDA program. The IDA program serves a target population of single parents and youth.

Bay Area IDA Collaborative, Oakland, California. The Bay Area IDA Collaborative is comprised of 13 community-based organizations in the San Francisco Bay area which

[1] One sponsoring organization, the Community Action Project of Tulsa County, has two IDA programs. Therefore, in future chapters of this report, we describe and refer to 14 "IDA programs" but 13 "sponsoring organizations."

collectively serve a significant portion of the low-income population in the area. The East Bay Asian Local Development Corporation (EBALDC) is a Community Development Corporation and is the lead organization for the Collaborative. EBALDC has expanded its mission from serving the Asian/Pacific Islander community to building strong communities among diverse low-income populations. Services include affordable housing, community organizing and planning, and economic development. The IDA program serves low-income minority residents of the communities served by member organizations.

Capital Area Asset Building Corporation (CAAB), Washington, DC. CAAB is a non-profit corporation comprised of eight community-based organizations whose goal is to bring an asset-based economic development system to scale in the disadvantaged neighborhoods of the District of Columbia. The collaborative was created to: build capacity by devising a centralized, systemic approach to implementing IDAs in the District; craft a collaborative fundraising strategy to minimize competition among community-based organizations; and join forces in advocacy activities to help pass asset accumulation legislation for low-income residents. The IDA program serves clients of the collaborative member organizations.

Central Texas Mutual Housing Association (CTMHA), Austin, TX. CTMHA is a community-based non-profit organization whose mission is to help families improve their lives and pursue their dreams by providing affordable housing. Since 1986, CTMHA has developed 1,655 units of affordable housing in ten Central and North Texas rental communities. With a staff of 27, CTMHA has created several resident service programs for low-income tenants, including after-school and summer youth programs, computer and English-as-a-Second-Language classes, and the IDA program. The IDA program serves community residents. Counseling and training is offered in both English and Spanish.

Central Vermont Community Action Council, Inc. (CVCAC), Barre, Vermont. CVCAC is a community action agency whose focus is on community economic development and developmental family services. CVCAC provides advocacy and programmatic services for economically disadvantaged families and individuals in 56 towns in rural north-central Vermont. The 111-member professional staff provides services to about 6,000 persons annually. CVCAC has partnered with several community agencies in implementing its IDA program. The IDA program serves clients of CVCAC, clients of the Department of Social Welfare (TANF recipients), and young adults (ages 16-24).

Community Action Project of Tulsa County (CAPTC), Tulsa, Oklahoma. CAPTC is a community-based, comprehensive anti-poverty agency whose mission is to help individuals and families in economic need achieve self-sufficiency through emergency aid, medical care, housing, community development, education, and advocacy in an atmosphere of respect. Recent examples of new programs that have grown significantly in response to client demand include CAPTC's affordable housing and Earned Income Tax Credit (EITC) programs. CAPTC's IDA program focuses on those who are making the effort toward achieving self-sufficiency but who are not yet able to escape poverty. The IDA program targets working poor households with children who qualify for the maximum EITC refund. Many of the IDA participants are clients of other CAPTC services.

CAPTC started a second IDA program as an *experimental design*. The second program has a lower family income threshold, 150% of poverty rather than 200% of the poverty threshold.

Heart of America Family Services (HAFS), Family Focus Center, Kansas City, Missouri. HAFS is a 120-year-old non-profit organization dedicated to supporting and strengthening families in need through information, education, and intervention. Its programs serve 60,000 people annually at more than 14 locations. The Family Focus Center is one of HAFS' community-based programs that provides neighborhood-based family support, including an IDA program, to a primarily Latino population in Kansas City's Westside. The Family Focus Center has partnered with other neighborhood organizations and with the University of Kansas School of Social Welfare to implement the program. Counseling and training are offered in both English and Spanish. The IDA program serves the neighborhood area and clients at the Family Focus Center.

Human Solutions, Inc., Portland, Oregon. Human Solutions is a non-profit community housing organization whose focus is to provide housing and related services to homeless and low-income families in East Portland and East Multnomah County. Since 1992, the organization has also purchased and developed over 150 units of low-income housing, and it manages market rate housing owned by others for homeless families. The IDA program serves residents of Human Solutions' rental properties.

Mountain Association for Community Economic Development (MACED), Berea, Kentucky. In 1976, MACED was created by ten community development organizations in Central Appalachia to provide technical assistance to community-based groups in the region. MACED's core programs are business development, sustainable communities, and land and resources. The "Pathways to Prosperity" IDA program was developed for low-income residents of Owsley County (Kentucky's poorest county). Several local community organizations partnered with MACED in implementing the IDA program, including the Owsley County Action Team, a citizen group that participates in MACED's Sustainable Communities Initiative, and the Central Appalachian Peoples Federal Credit Union.

Near Eastside IDA Program, Indianapolis, Indiana. The Near Eastside Community Federal Credit Union (NECFCU) and the John H. Boner Community Center partnered to create the Near Eastside IDA Program. The NECFCU, founded in 1981, is the only community development credit union in Indiana, and houses the accounts for IDA participants. The Boner Center is a neighborhood community center that has provided a broad spectrum of social services since 1972. The Near Eastside IDA Program serves youth and adults living on the Near Eastside of Indianapolis, and/or participating in Boner Center or Credit Union programs.

Shorebank, Chicago, Illinois. Shorebank is a community development financial institution whose mission is to increase opportunities in underserved communities by identifying and supporting investment in local assets. The IDA program is a joint effort between South Shore Bank and Shorebank Neighborhood Institute (SNI), Shorebank's non-profit affiliate. SNI's primary focus is on human and social capital development, as well as targeted enterprise development. The program targets African-Americans living in Chicago's South and West sides,

including families living in subsidized rental properties owned by Shorebank. Most participants are referred by other partner organizations.

Women's Self-Employment Project (WSEP), Chicago, Illinois. WSEP is a microenterprise development organization that provides entrepreneurial training, business development, and financial services to low- and moderate-income women. WSEP's mission is to raise the income and degree of economic self-sufficiency of women through a strategy of self-employment, and to serve as a catalyst for developing viable options for alleviating poverty. In 1995, WSEP initiated an IDA demonstration with welfare recipients; it was one of the first IDA programs in the country. Expansion of the program now includes a partnership with the Chicago Housing Authority (CHA) and includes residents within the targeted CHA programs. The IDA program serves residents of CHA HOPE 6 developments, graduates of WSEP programs, and employees of WSEP participant businesses.

Table 3.1 The 13 Sponsoring Organizations in ADD

Sponsoring Organization	Location	Type of Community	Type of Organization	Targeted Participants for IDAs	Previous IDA Experience
ADVOCAP	Fond du Lac, WI	Small town and Rural area	Community action agency	Former AFDC/TANF recipients; working poor people	YES
Alternatives Federal Credit Union	Ithaca, NY	Small city and rural area	Community development credit union	Single parents; youth	NO
Bay Area IDA Collaborative	Oakland, CA	Urban	Collaborative of 13 community-based organizations	Low-income Asian Americans; African Americans; Latinos	NO
CAAB Corporation	Washington, DC	Urban	Collaborative of 8 community-based organizations	TANF recipients; youth; African Americans; Latinos; Asian Americans	NO
Central Texas Mutual Housing Association	Austin, TX	Urban	Not-for-profit housing organization	Rental property residents; youth	NO
Central Vermont Community Action Council	Barre, VT	Small towns and rural areas	Community action agency and community development corporation	TANF recipients; youth	NO
Community Action Project of Tulsa County	Tulsa, OK	Urban	Community based anti-poverty organization	Program 1: Working-poor families with children, 200% of poverty or less. Program 2, Experimental Design: 150% of poverty or less.	NO
Heart of America Family Services	Kansas City, MO	Urban	Community based family services agency	Latinos; African Americans	NO
Human Solutions	Portland, OR	Urban	Not-for-profit housing organization	Rental property residents	NO
MACED	Berea, KY	Small towns and rural areas	Association of community development organizations	African Americans, rental property residents, working poor	NO
Near Eastside IDA Program	Indianapolis, IN	Urban	Social service organization / Community development credit union	Neighborhood residents; youth	YES
Shorebank Corporation	Chicago, IL	Urban	Community development bank with not-for-profit affiliate	Rental property residents; Shorebank customers	NO
Women's Self-Employment Project	Chicago, IL	Urban	Microenterprise development organization	Low-income, self-employed women; public housing residents	YES

4. Monitoring/Management Information System (MIS IDA)

The data in this report come from MIS IDA, a software package created and supported by CSD. MIS IDA is innovative, commercial-quality, adaptable software. It encourages IDA programs to adopt best practices; provides management tools such as account statements, mailings, and more than 30 reports; and generates a comprehensive database on program characteristics, participant characteristics, and aggregate enrollment, saving, and withdrawal patterns.

CSD has been proactive in planning and developing MIS IDA. We identified the need for a management information system in 1995 and in 1996 put together a national team to identify data that should be included in such a system. Soon thereafter, we began programming, and by mid-1997 we released Version 1.0 of MIS IDA. Almost immediately, we began to develop Version 2.0, which was released in 1998. As of January 2000, Version 3.0 is the current version. MIS IDA is currently used in over 30 states and the District of Columbia.

Version 2.02 was used to collect the monitoring data in this report. Sponsoring organizations sent MIS IDA data to CSD via E-mail. The data collected in this manner are timely and fully comparable across programs. To our knowledge, this is the first time that a policy demonstration, at the outset, has created its own monitoring software to track and report on progress across multiple sites.

Table 4.1 summarizes the types of data collected in the current version of MIS IDA.

MIS IDA has also proven to be a very effective mechanism for technical assistance and for evaluation. Through training and support for users of MIS IDA, CSD provides extensive technical assistance to IDA programs. Many program-design and management problems are avoided or resolved in this process. Moreover, with MIS IDA in place, an IDA program is in a position to track its own performance, and the database created by MIS IDA greatly facilitates external evaluation. The information collected by MIS IDA may also be sent to a central location and merged with data from other IDA programs for analysis.

Table 4.1 Selected Data Collected by MIS IDA

I. Program Information

Program Design Criteria

- Age of organization
- Type of financial institution
- Requirements for written saving plan
- Period of account statements
- Number of signatures for withdrawal
- Penalties for unapproved withdrawals
- Permissible uses for asset purchase
- Annual/lifetime limits on IDA balance
- Match rate(s)
- Length of waiting period before withdrawal
- Planned amount of match funds (yearly)
- Amount of match funds by source

Economic Education

- Hours of general economic education curriculum
- Hours of asset-specific education curriculum

Program Expenditures

- Marketing activities
- Salaries and benefits
- Consulting
- Rent/Mortgage
- Equipment
- Utilities
- Supplies
- Travel
- Staff time for IDA program
- Unsalaried staff time for IDA program
- Time spent by partner organizations on IDA program
- Accounts planned for next period

Funding Partners

- Type of organization
- Permissible uses for asset purchase
- Partnership begin/end dates
- Amount of contribution
- Type of contribution

II. Participant Information

Demographics

- Social security number
- Enrollment date
- Gender
- Year of birth
- Ethnicity
- Address
- Relative's address
- Urban/rural residence
- Marital status
- Number of adults in household
- Number of children in household
- Level of education
- Employment status
- Monthly gross income
- Previous TANF or AFDC status
- Current TANF status
- Program exit date
- Reason for exit
- Affiliation with sponsoring organization

Assets/Liabilities

- Vehicle value/loan amount
- Home value/mortgage amount
- Business value/loan amount
- Rental property and land value/loan amount
- Investment value
- Checking account value
- Savings account value
- Debt to friends/family
- Liability for past due household bills
- Liability for credit card bills
- Liability for student loans
- Liability for medical bills

Economic Education/Case Management

- Type of economic education received
- Number of hours of education received
- Case Notes

II. Participant Information *cont.*

Account Information

- Bank account number
- Financial institution name
- Date account opened
- Maximum savings goal
- Target monthly savings goal
- Account closed date
- Match rate
- Funding partner(s) of this account
- Permissible uses for asset purchase

Participant Savings Information

- Beginning balance for period
- Number of deposits for period
- Amount of deposits for period
- Number of withdrawals for period
- Amount of withdrawals for period
- Amount of service fees for period
- Amount of interest for period
- End balance for period
- Match funds for period
- Total IDA savings for period

Matched Withdrawals

- Use of withdrawal
- Vendor name and address
- Withdrawal date
- Participant withdrawal amount
- Funding partner(s) match amount

5. Data Preparation and Analysis

MIS IDA software has been used by all of the sponsoring organizations from the outset, upgraded over time. CSD trained IDA program staff in the use of MIS IDA. In addition, CSD met with IDA program staff twice a year in meetings convened by CFED to respond to MIS IDA questions and concerns. CSD also provides a telephone support line and pays particular attention to support for ADD organizations. Lissa Johnson has traveled to 10 of the 13 sponsoring organizations to assist with software use and data management. In short, CSD has been very "hands on" in the use of MIS IDA to help ensure quality data in ADD.

MIS IDA is by design a program-administered data-collection instrument, and despite the training and support efforts described above, variations in data completeness and accuracy inevitably occur. CSD has worked to ensure that MIS IDA data are as complete and accurate as possible. Staff members have developed a computer program that identifies missing data and values that are outside of an expected range. When identified, each of the missing and questionable values is sent back to the appropriate IDA program for confirmation or correction. This process substantially improves the quality of the data.

The analyses described in this report are straightforward. First, we calculate descriptive statistics for programs and participants. Second, we document aggregate enrollment, saving, and withdrawal patterns for the entire demonstration, i.e., across all IDA programs. Third, we estimate bivariate relationships between program characteristics and saving outcomes, and between participant characteristics and saving outcomes. Bivariate tests include Pearson r correlations, t tests, Chi-square tests, and analyses of variance. Fourth, we use multiple-regression analyses to examine relationships between individual saving outcomes, participant characteristics, and program characteristics. This regression tells us which participant and program variables are significantly related to saving outcomes, controlling for all other variables in the analysis.

6. Program Characteristics

In this chapter, we first define various types of IDA program characteristics. These variables are measured for the period July 1, 1998 through June 30, 1999.

Age of organization: In years. The sponsoring organization is the entity that houses an IDA program. All organizations in ADD existed before ADD, and they all run programs in addition to the IDA programs.

Age of program: The number of months between the opening of the first ADD program IDA account and June 1999.

Economic education hours: Hours of economic-education coursework offered.

Average match rate: For a given IDA program, the sum of the match rates across participants, divided by the number of participants. This variable is an average because some programs have variable match rates.

Wait period: Weeks after enrollment that a participant must wait before making an approved withdrawal

Average monthly deposit goal: Annual maximum match potential averaged across participants and divided by 12.

Number of participants: The sum of the number of participants at the end of each month of operation, divided by the number of months of operation.

Average income poverty level: The sum of income poverty levels of all participants in a program, divided by the number of participants. The *income poverty level* is defined as monthly household income multiplied by 12 and then divided by the official family-size-adjusted poverty guideline.

Participants' affiliation with organization: The percentage of IDA participants with some affiliation with the sponsoring organization before enrollment in the IDA program. This variable was estimated by the sponsoring organizations, not computed from MIS IDA data.

Organizational Size: The number of full-time-equivalent worker-months by paid workers at the organizational level, divided by the number of months.

IDA FTEs: The number of full-time-equivalent worker-months, whether paid or volunteer, in the IDA program, divided by the number of months.

Average IDA FTEs: The number of full-time-equivalent worker-months, whether paid or volunteer, in the IDA program, divided by the number of participant-months.

IDA Expenses: The sum of monthly expenditures of the IDA program, except funds for matches, divided by the number of months.

Average IDA expenses: The sum of monthly expenditures of the IDA program, except funds for matches, divided by the number of participant-months.

Marketing activity: The sum of different types of marketing activity for each month divided by the number of months.

These variables are summarized in Table 6.1 below and later used for analysis.

Table 6.1 Program Characteristics

	Mean	Median	Minimum	Maximum	Standard Deviation
Age of Organization	20.71	22.50	2.00	36.00	10.12
Age of Program	13.93	15.00	6.00	23.00	4.70
Economic Education Hours	15.07	11.00	6.00	50.00	11.23
Average Match Rate	2.18	1.98	1.00	5.33	1.07
Wait Period	9.50	0.00	0.00	52.00	16.02
Average Monthly Deposit Goal	49.69	41.67	15.00	83.33	20.66
Number of Participants	68.83	68.62	33.75	145.50	26.15
Average Income Poverty Level	1.16	1.18	0.85	1.43	0.19
Participants' Affiliation with Organization	0.61	0.68	0.12	1.00	0.34
Organizational Size	69.52	29.02	2.14	228.36	74.41
IDA FTEs	2.86	2.25	1.41	6.94	1.61
Average IDA FTEs	.05	.03	.02	.11	.03
IDA Expenses	8,619.43	6,492.00	1,846.00	18,301.00	4,921.24
Average IDA Expenses	136.92	99.69	26.83	295.97	86.86
Marketing Activity	2.75	2.92	0.25	4.25	1.02

Administrative Characteristics

Tables 6.2 through 6.10 summarize the administrative characteristics of the 14 IDA programs in ADD as of June 30, 1999. Thirteen sponsoring organizations submit data to CSD. However, one organization sponsors two different IDA programs; thus, the overall number of IDA programs reflected in the data is 14.

Table 6.2 Organizational Type

Organization Type	Number of Programs
Community Development Organization	6
Social Service Agency	2
Bank or Credit Union	2
Housing Development Organization	2
Collaboration	2

All 14 IDA programs are run by private, not-for-profit organizations. As indicated above, the largest number of IDA programs are run by community development organizations.

Table 6.3 Permissible Uses of IDAs

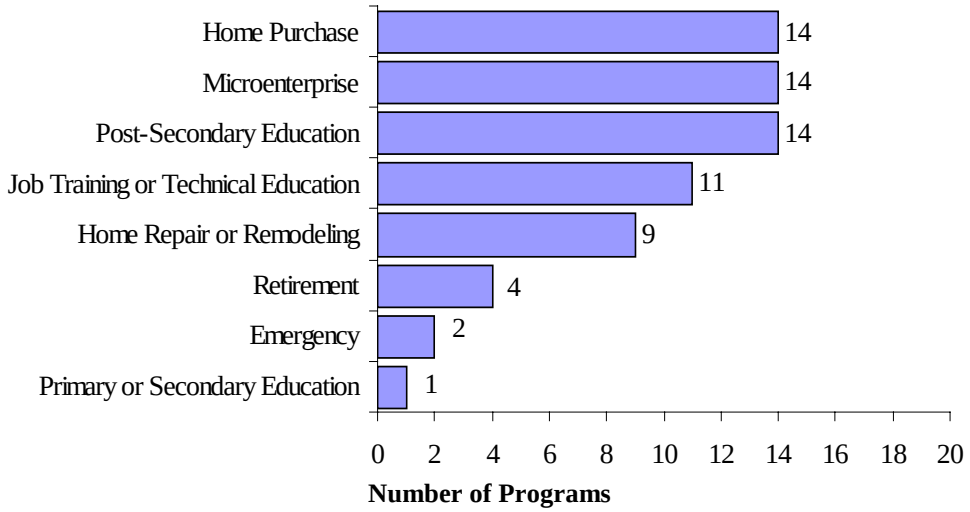


Table 6.3 shows permissible uses of the IDA. These uses are not mutually exclusive; many programs allow a variety of uses. Home purchase, microenterprise development, and post-secondary education are the most common permissible uses, followed by job training and home repair.

Table 6.4 Location of Funds

Type of Institution	Number of Programs
Bank or Savings and Loan Institution	9
Credit Union	5

The most common place for the deposit of funds is a bank or savings and loan institution (Table 6.4). The remaining five IDA programs use a credit union for deposit of funds (two of these programs are run by credit unions).

IDA accounts are usually held in the names of individual participants (in three cases accounts are in the names of both the participant and organization), but matching funds are always kept in separate accounts, i.e., not merged with participant savings until the funds are actually used (Table 6.5).

All 14 financial institutions are providing account information to IDA programs. This information is entered or imported into MIS IDA on a monthly basis, which then generates account statements for each IDA participant showing savings, match, and total IDA balance.

All 14 IDA programs have interest-bearing accounts, sometimes above the passbook rate. This is another way that financial institutions have been supportive of IDAs.

Table 6.5 IDA Account Information	
Account Ownership	**Number of Programs**
Individual Only	11
Organization Only	0
Both	3
Match Funds	
Held in Separate Account	14
Combined with Participants' Accounts	0
Participant Statement Period	
Monthly	14
Quarterly	0
Interest Bearing Accounts	
Yes	14
No	0
Waiting Period Required	
Yes	6
No	8
Penalties for Unapproved Use of IDAs	
Yes	9
No	5

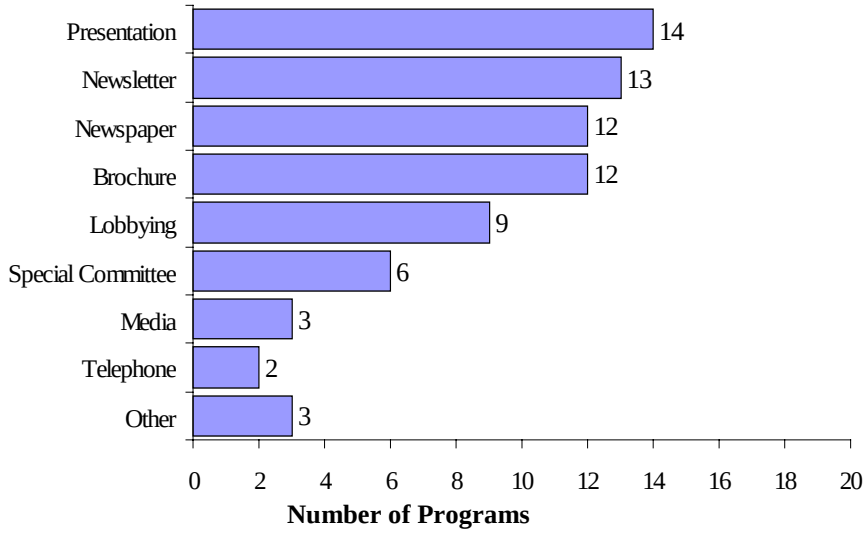
Table 6.6 IDA Match Rates	
Single Match Rates	**Number of Programs**
1:1	1
2:1	5
3:1	2
6:1	1
Varied Match Rate	
Low 1:1 High 2:1	4
Low 2:1 High 7:1	1

Nine programs offer a single match rate, ranging from 1:1 to 6:1 (Table 6.6). The 6:1 match rate is in an impoverished, rural county. Five programs offer varied match rates depending on IDA use and/or participant economic status.

Table 6.7 Overall Partner Funding	
Types of Funding Partners	**Number of Programs**
Not-For-Profit	14
For-Profit	9
Public	8
Individual	2

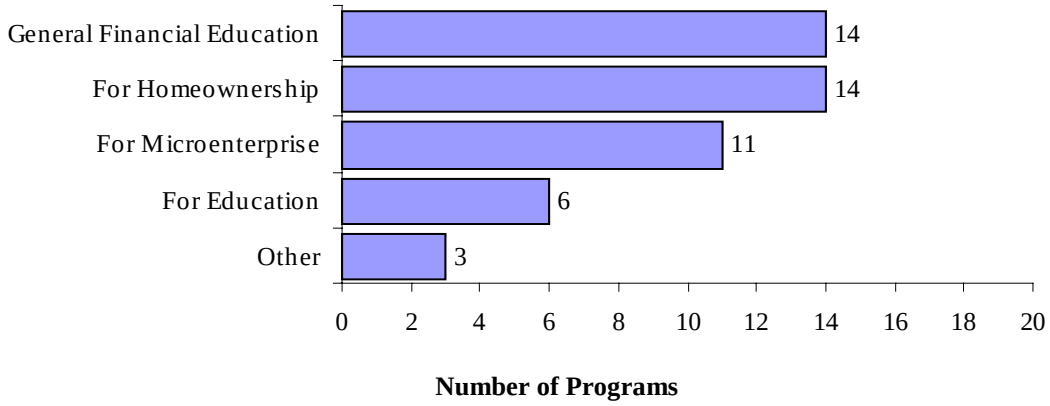
All 14 of the programs are funded through CFED, a not-for-profit organization. Many programs have also received funding from for-profit and/or public sources (Table 6.7).

Table 6.8 Types of IDA Marketing Activities



Face-to-face presentations are the most frequent type of marketing activity, and occur at all 14 programs (Table 6.8). Print-based marketing (newsletter, newspaper, and brochure) are also used by most programs.

Table 6.9 Financial Education Offered



General financial education and homeowership education are offered by all 14 IDA programs. Microenterprise education occurs at 11 programs, but education for educational uses of IDAs occurs at only 6 programs.

Table 6.10 Account Structure of the 14 IDA Programs

Sponsoring Organization	Program Savings Goal	Match Rate	Limit on Total IDA Deposit Plus Match/Time Period	Permissible IDA Uses	Requirements and Penalties
ADVOCAP	$100/month $1000/2 years	2:1	$3,000/2 years	Home purchase Home repairs Post-secondary education Microenterprise Job training	Match money not released "without a written agreement to attend financial and economic … seminars." Participants will also be dropped if they do not save regularly.
Alternatives Federal Credit Union	$500/year	3:1	$2,000/year; $8,000/4 years	Home purchase Home repairs Post-secondary education Microenterprise	Missing three deposits in a row is grounds for expulsion from the program.
Bay Area IDA Collaborative	$80/month	2:1	$1,800 over 2 years for business and education; $5,760 over 2 years for home purchase	Home purchase Post-secondary education Microenterprise Job training	None
CAAB Corporation	Varies	Ranges from 2:1 to 7:1 Average 2.4:1	Varies	Home purchase Post-secondary education Microenterprise Job training	Case-by-case
Central Texas Mutual Housing Association	$500/year	Adult savings: 2:1 Youth savings: 4:1	$1,500/year	Home purchase Post-secondary education Microenterprise Job training	Dropped if no deposit in 3 consecutive months or if annual savings less than $250.
Central Vermont Community Action Council	$500/year	1:1 – 2:1 depending on date joined and TANF participation	$3,000/3 years	Home purchase Home repairs Post-secondary education Microenterprise	Dropped after 2 missed deposits or 2 missed training classes.
Community Action Project of Tulsa County (Program 1)	$750/year	2:1 for home IDAs; other restrictions may apply; 1:1 for other IDAs	$2,250/year; $9,000/4 years	Home purchase Home repairs Post-secondary education Microenterprise Retirement	Participants may be dropped for missing more than 3 deposits per year, making several unauthorized withdrawals, or missing any classes.

Table 6.10 Account Structure of the 14 IDA Programs (continued)

Sponsoring Organization	Program Savings Goal	Match Rate	Limit on Total IDA Deposit Plus Match/Time Period	Permissible IDA Uses	Requirements and Penalties
Community Action Project of Tulsa County (Program 2, Experimental Design)	$750/year	2:1 for home IDAs; 1:1 for other IDAs	$2,250/year; $6,750/3 years	Home purchase Home repairs Post-secondary education Microenterprise Retirement	Participants may be dropped for missing more than 3 deposits per year, several unauthorized withdrawals, or missing any classes.
Heart of America Family Services	$405/year	2:1	$1,215/year; $4,860/4 years	Home purchase Home repairs Post-secondary education Microenterprise Retirement	"Any violation of program rules is grounds for termination from the program at the discretion of HAFS."
Human Solutions	$500/year	1:1	$1,000/year	Home purchase Post-secondary education Microenterprise Job training	Must attend classes to get match, must earn $240 match credits/year or dropped
MACED	$180/year	6:1 for existing participants; 1:1 for new participants	$1,260/year; $2,520/2 years for existing participants. $360/yr; $720/2 years for new participants	Home purchase Home repairs Post-secondary education Microenterprise	May be dropped if miss 3 meetings without valid cause
Near Eastside IDA Program	State funded IDAs: up to $900 in match per year for 3 years; privately funded IDAs: up to $1500	Ranges from 1:1 to 3:1	Privately funded IDAs have ceilings of $2,000; state funded IDAs could total $3,600 over 3 years	Home purchase Post-secondary education Microenterprise Job training	May be dropped for not making expected savings deposits each month
Shorebank Corporation	$600 during program	2:1 for existing participants; 1:1 for new participants	$1,800 over life of program for existing participants; $2000 for new participants.	Home purchase Home repairs Post-secondary education Microenterprise Job training	May be dropped if no deposits for 3 months; have to attend classes before making asset purchase
Women's Self-Employment Project	$240/year in year 1; $360/year in year 2	2:1	$1,800/year	Home purchase Post-secondary education Microenterprise Job training Retirement	Will be dropped if no deposits made within 3 consecutive months or any unauthorized withdrawals made.

7. Participant Characteristics

In this chapter, we present measures of characteristics of 1,326 participants in ADD as of June 30, 1999. A participant is defined as someone who is enrolled in an IDA program and who has at least one account statement recorded in MIS IDA. This definition excludes 54 people who enrolled in an IDA program but never opened a bank account, and it also excludes 26 people who enrolled and opened a bank account recently but who did not have an account statement recorded in MIS IDA as of June 30, 1999. This definition of participant includes all those who had at least one account statement recorded in MIS IDA but later dropped out.

All variables were measured at the time of enrollment. Furthermore, the program sponsors were asked to update information that could change every six months. As of June 30, 1999, about 18% of participants had had some element in their record updated. It seems likely that some data should have been updated but were not, although we cannot know to what extent.

Characteristics of participants are defined below.

Gender: Male or female.

Residence: Whether the area where a participant lives is urban (or suburban) vs. rural (or small town).

Race/Ethnicity: Whether the participant identifies him or herself as African-American, Caucasian, Latino or Hispanic, Native-American, Asian-American or Pacific-Islander, or "other". For some analyses, Native Americans, Asians and Pacific Islanders, and "other" are collapsed into one category.

Age: Age in years, computed as 1999 minus the year of birth as recorded in MIS IDA.

Marital status: Whether never-married, married, divorced, separated, or widowed. For some analyses, divorced, separated, and widowed are collapsed into one category.

Household type: Whether the household is composed of a single adult without children, a single adult with children, two married adults without children, or two married adults with children.

Education: Whether the highest grade completed corresponds to less than a high-school diploma, a high-school diploma, some college, or a college degree.

Employment status: Whether employed full-time, employed part-time, not employed voluntarily, or unemployed involuntarily. The category *not employed voluntarily* includes homemakers, students, people in job-training programs, retired persons, and the disabled. The category *unemployed involuntarily* includes people who are laid-off or who are seeking employment.

Children: Number of people 17 years of age or younger in the household.

Adults: Number of people 18 years of age or older in the household.

Monthly household income: Income from all sources to the household. The measure of income includes inflows of cash from wage employment, public assistance, self-employment, child support, family or friends, pensions, investments, and other cash sources (see Table 7.13).

Income poverty level: Monthly household income multiplied by 12 and then divided by the official family-size-adjusted poverty guideline.

Source of household income: Whether the household had income from wage employment, public assistance, self-employment, child support, family or friends, pensions or retirement, investments, or "other."

Welfare status: Whether the participant currently receives TANF, received TANF or AFDC sometime in the past, or never received TANF or AFDC.

Bank use: Whether or not, in addition to an IDA account, the participant had a checking account or a savings account at enrollment.

Dependency ratio: Number of children divided by number of adults.

Types of assets: Whether the participant had a checking account, a savings account, a vehicle, a home, a business, rental property or land, or stocks, bonds, or other investments. (Note that income is measured for households but that assets and liabilities are measured for participants.)

Total assets: Sum of value of all assets.

Financial assets: Total assets minus home and vehicle. This includes investments in business and property, which only a small percentage of ADD participants have.

Types of liabilities: Whether the participant owed debts for home, vehicle, business, property or land, student loans, past-due household bills, medical bills, credit-card debt, or debt with family or friends.

Total liabilities: Sum of value of all liabilities.

Consumer debt/income ratio: The value of consumer liabilities divided by monthly income. Consumer liabilities are defined as total liabilities minus debt owed on a home and vehicle. This includes business and property loans, which only a small percentage of ADD participants have.

Net worth: Total assets minus total liabilities.

Intended use of IDA: Includes home purchase, home repair, post-secondary education, job training, microenterprise, and retirement.

Economic education: Hours received.

On the pages that follow, we use bar charts to depict the distribution of the values of selected participant characteristics. After that, we discuss how the population of participants in ADD compares to the general population below 200% of the poverty threshold.

Table 7.1 Gender

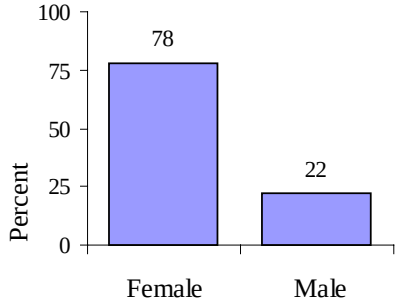


Table 7.2 Residence

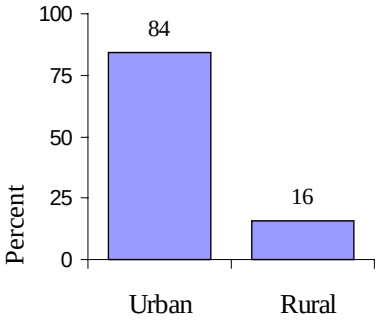


Table 7.3 Race/Ethnicity

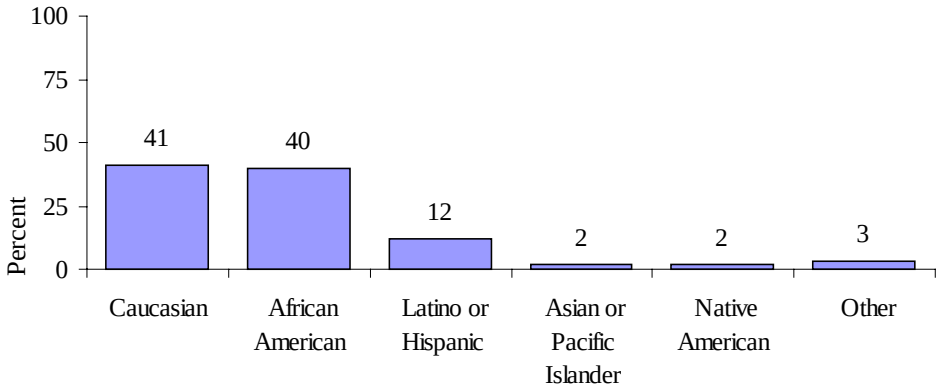


Table 7.4 Age

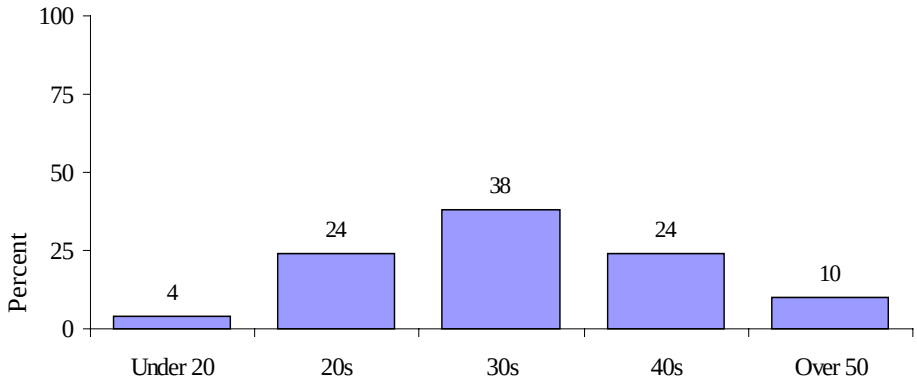


Table 7.5 Marital Status

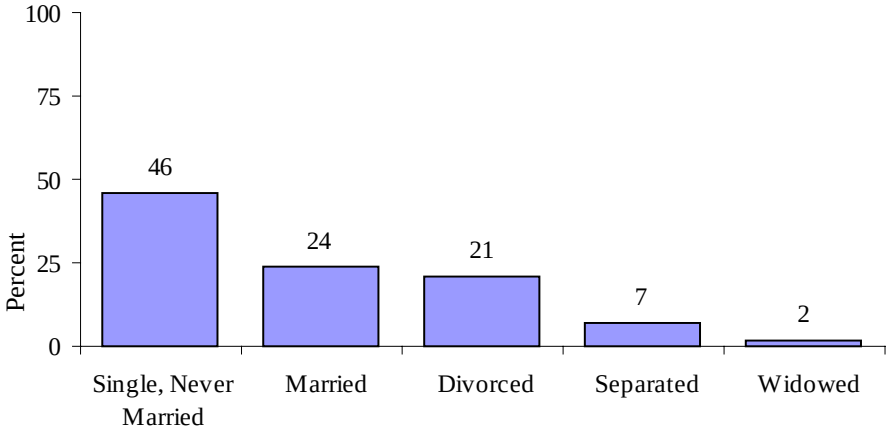


Table 7.6 Household Type

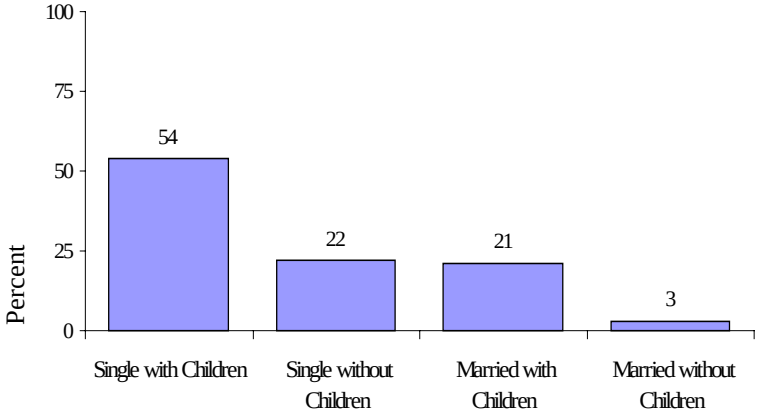
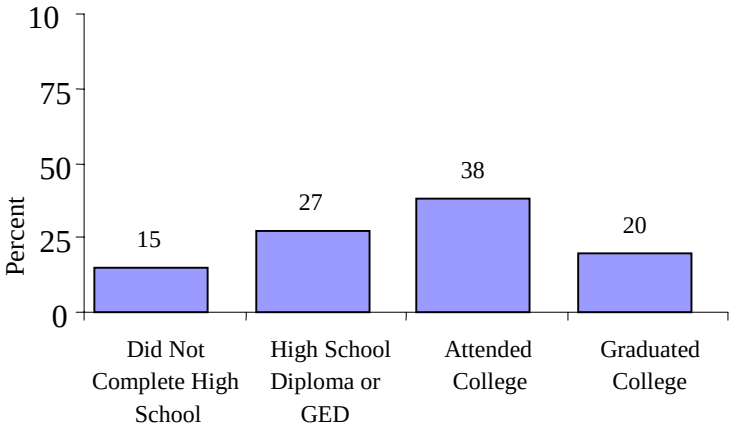
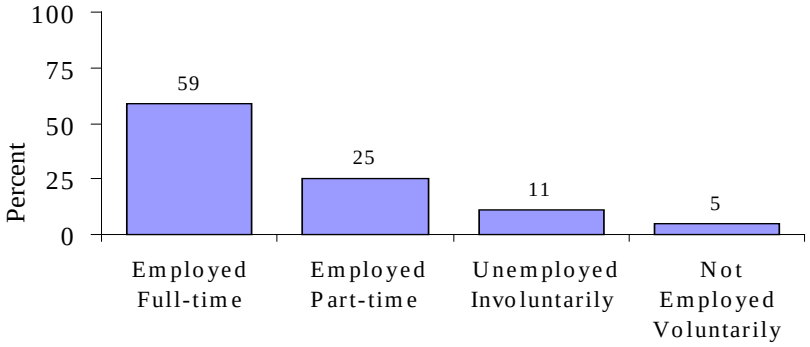


Table 7.7 Education



Note: Data are missing for six participants.

Table 7.8 Employment Status



Note: "Unemployed Involuntarily" includes those who were laid off (waiting for call back) and those who were currently seeking employment. "Not Employed Voluntarily" includes those who were currently in school or job training programs (not working), homemakers, disabled individuals, and retired individuals.
Data are missing for one participant.

Table 7.9 Number of Children in Household

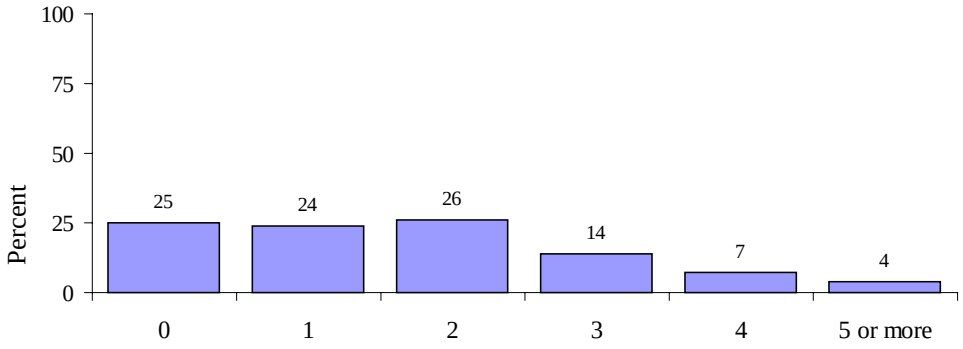


Table 7.10 Number of Adults in Household

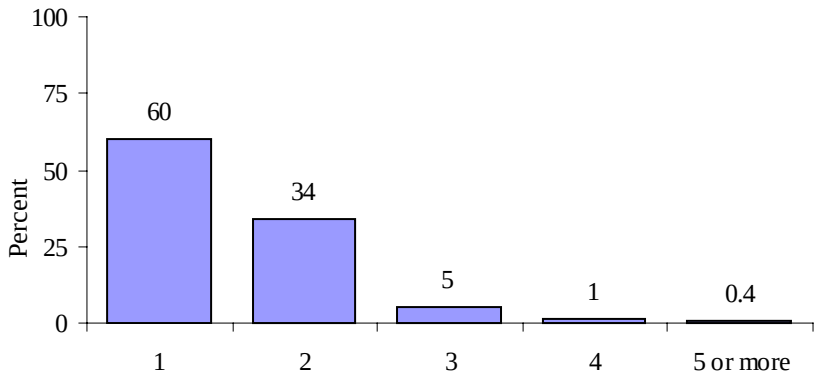
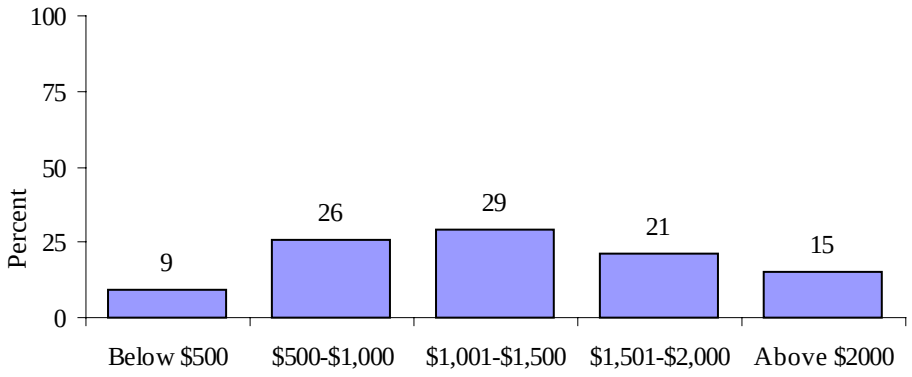
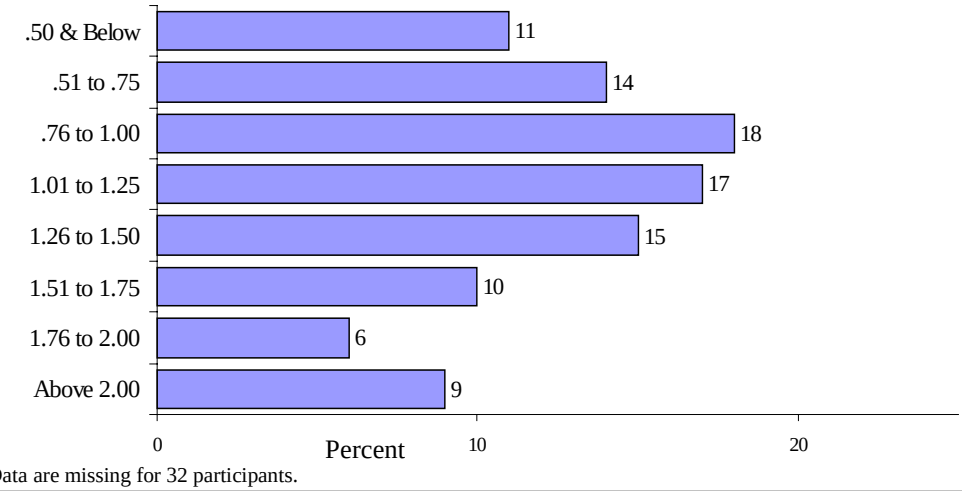


Table 7.11 Total Monthly Household Income



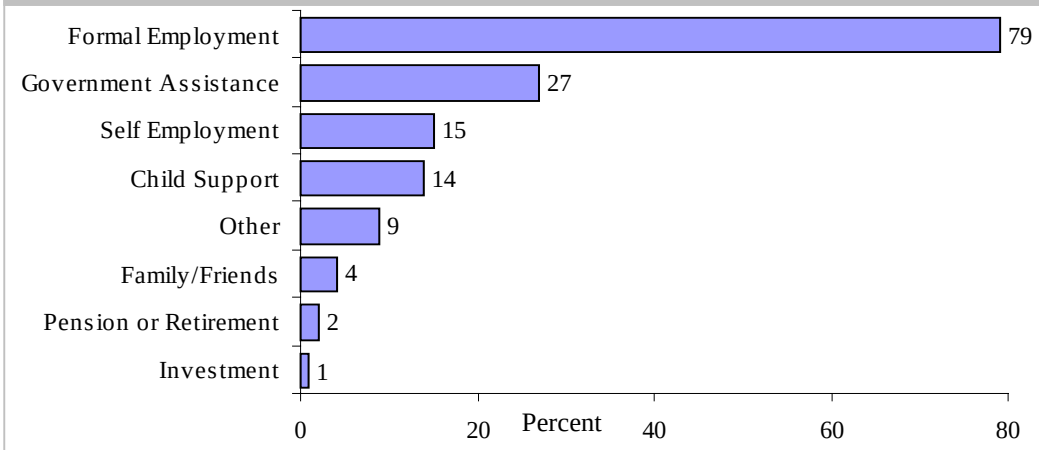
Note: Data are missing for 11 participants.

Table 7.12 Income Poverty Level



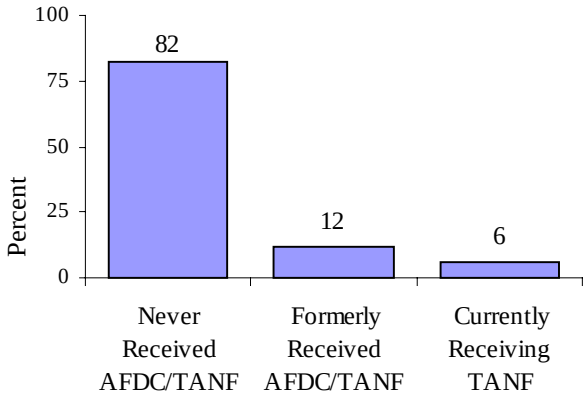
Note: Data are missing for 32 participants.

Table 7.13 Household Income by Source



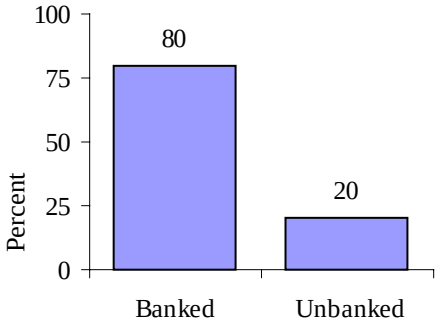
Note: Percentages do not sum to 100 because participants may have more than one source of income.

Table 7.14 Welfare Status



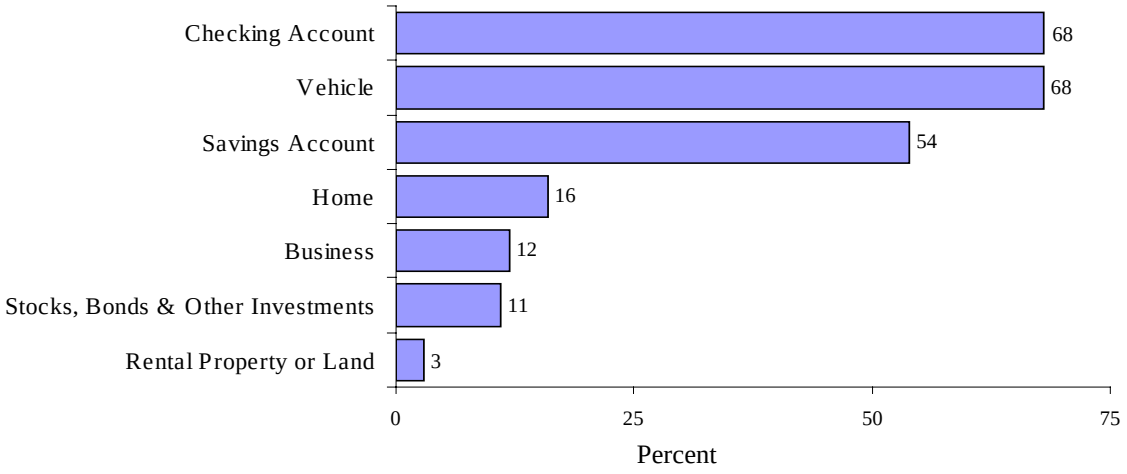
Note: "Never Received AFDC/TANF" is the default response option. We expect that it is over-reported.

Table 7.15 Bank Use



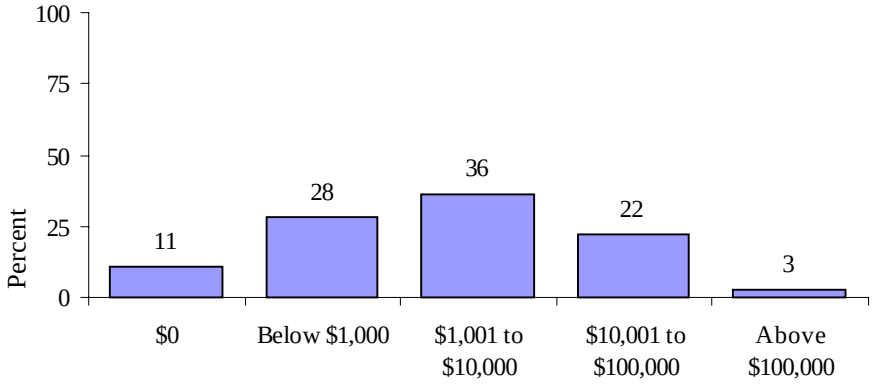
Note: Banked is defined as having a checking or savings account. This is in addition to the IDA account.

Table 7.16 Types of Assets



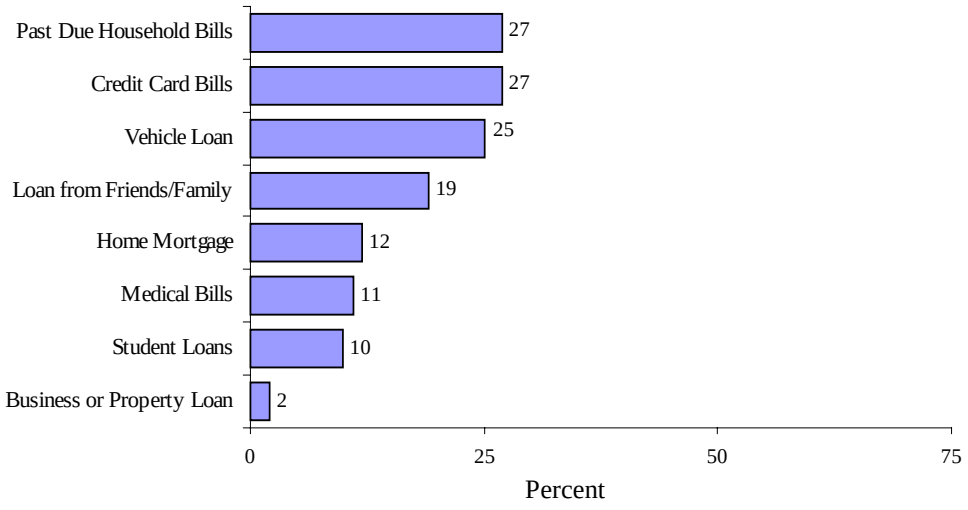
Note: Percentages do not sum to 100 because participants may have more than one type of asset.

Table 7.17 Total Asset Value



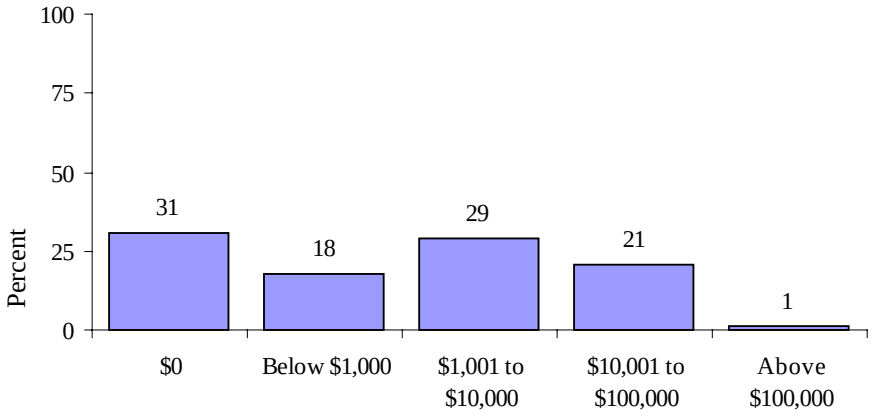
Note: Data are missing for 123 participants.

Table 7.18 Types of Liability



Note: Percentages do not sum to 100 because participants may have more than one type of liability.

Table 7.19 Total Liability Value



Note: Data are missing for 120 participants.

Table 7.20 Value of Participant Assets in Dollars					
Asset Type	**Mean**	**Median**	**Minimum**	**Maximum**	**Standard Deviation**
Checking Account	219	35	0	7,000	481
Vehicle	2,920	1,000	0	27,000	4,336
Savings Account	265	2	0	9,000	810
Home	9,129	0	0	350,000	26,085
Business	435	0	0	75,000	3,409
Stocks, Bonds and Other Investment	458	0	0	80,000	3,368
Rental Property or Land	431	0	0	180,000	5,759
Total Assets	13,775	2,235	0	398,500	30,527

Table 7.21 Value of Participant Liabilities in Dollars					
Liability Type	**Mean**	**Median**	**Minimum**	**Maximum**	**Standard Deviation**
Past Due Household Bills	201	0	0	16,000	906
Credit Card Bills	785	0	0	50,000	2,727
Vehicle Loan	1,592	0	0	24,000	3,682
Loan from Friends/Family	459	0	0	120,000	3,760
Home Mortgage	5,544	0	0	220,000	18,995
Medical Bills	219	0	0	42,000	1,849
Student Loan	651	0	0	50,000	3,361
Property or Land Loan	126	0	0	35,000	1,848
Business Loan	71	0	0	20,000	894
Total Liabilities	9,645	1,100	0	260,000	22,478

ADD Population vs. General Low Income Population

For the most part, the participant population in ADD has been selected to be at 200% of the federal income-poverty guidelines or below (some exceptions have been made, particularly in high cost-of-living environments such as San Francisco). Within this guideline, participants are associated with or recruited by the various sponsoring organizations. Thus, ADD participants are likely to reflect the populations served by these organizations. As reported earlier, these organizations represent a wide range of community development, social service, financial service, housing, and other organizations, all of which have a community development or anti-poverty mission. Another key feature of ADD participants is that, in response to an IDA program announcement, they have come forward to participate. Because ADD participants choose to participate, it is likely that the personal characteristics of ADD participants differ systematically from the personal characteristics of the general low income population and even from the overall populations served by the sponsoring organizations. In this discussion, we

highlight some of the key differences between the ADD population and the overall U.S. population at or below 200% of the income-poverty line.[1]

The ADD population has a greater percentage of females than the general low income population:

Gender	ADD Population	General Low Income Population
Female	78%	59%
Male	22%	41%

Compared to the general low income population, the ADD population has fewer Caucasians, more African Americans, fewer Latinos, and more "other:"

Race/Ethnicity	ADD Population	General Low Income Population
Caucasian	41%	64%
African American	40%	16%
Latino	12%	16%
Other	7%	4%

The ADD population differs from the general low income population in having more people who are single and never married, and fewer people who are married:

Marital Status	ADD Population	General Low Income Population
Single, never married	46%	28%
Married	24%	42%
Widowed, divorced, separated	30%	30%

The ADD population is much more highly educated than the general low income population:

Education	ADD Population	General Low Income Population
Did not complete high school	15%	35%
High school diploma or GED	27%	39%
Attended college	38%	18%
Graduated college	20%	8%

[1] Comparison statistics use the U.S. Census Bureau's Survey of Income and Program Participation (SIPP). These data (which come from the ninth wave of the 1993 SIPP panel) refer to September 1995. The sample includes individuals 18 years old and older who were living in households with income at or below 200% of the appropriate official poverty threshold. To obtain annual household income, we multiplied household income for the month of September by 12. Data on employment status refer to characteristics as of the *first week* of September 1995. The "bank use" variable identifies individuals *living in households* that had a checking or savings account in the first quarter of 1995. The data are weighted by person-level weights provided by the Census Bureau.

The ADD population has a much higher proportion of people who are employed:

Employment	ADD Population	General Low Income Population
Employed full-time	59%	31%
Employed part-time	25%	11%
Unemployed involuntarily	11%	6%
Not employed voluntarily	5%	52%

The ADD population has a greater proportion of people with a checking and/or savings account:

Bank Use	ADD Population	General Low Income Population
Banked	80%	67%
Unbanked	20%	33%

Overall, perhaps the best way to describe the ADD population is that it is a "working poor" population as opposed to a general low income population. This occurs by design—most programs in ADD are targeting the working poor, and so a very high proportion of the participants are working. This is probably a large part of the explanation for the higher level of education in the ADD population and for the higher proportion of people who are banked compared to the general low income population.

The higher proportion of women, the higher proportion of African Americans, and the higher proportion of people who are single and never married in ADD, compared to the general low income population, reflects the populations served by the sponsoring organizations. These markers of disadvantage (female, black, and single) suggest that, among the working poor population, somewhat more disadvantaged people are participating in ADD.

8. Enrollment, Savings, and Withdrawals

In this section we present the following information aggregated across all 14 IDA programs:

- IDA enrollment, by quarter and cumulative
- IDA savings, cumulative
- Number of participants who made matched withdrawals, cumulative
- Matched withdrawals amounts, cumulative
- Participants' use of withdrawals
- Intended use of IDA account

In the chart for IDA savings, three figures are reported. *Participant savings* refers to deposits by participants (minus unapproved withdrawals, plus interest). *Matching funds* are defined as the match rate multiplied by participant savings. *Total IDA* is defined as participant savings plus the matching funds. Total IDA measures the total amount of resources accumulated through participation in the program, whether the resources came from the program or the participant.

Table 8.1 IDA Enrollment by Quarter

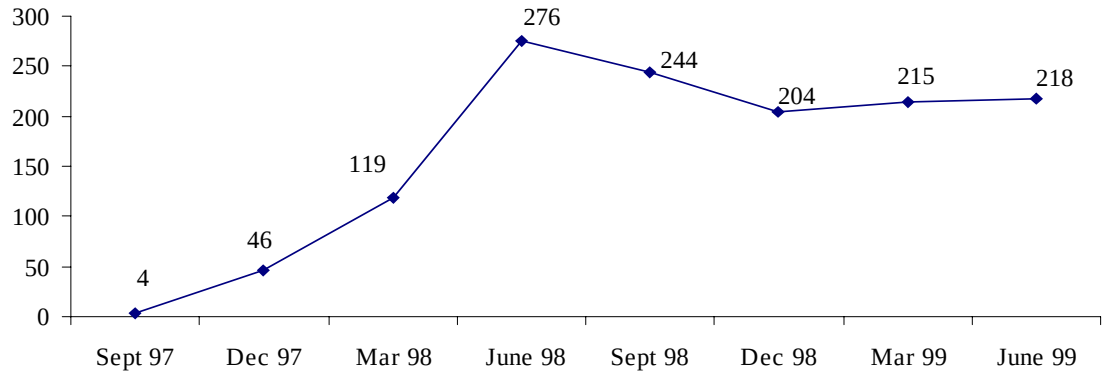


Table 8.2 IDA Enrollment, Cumulative

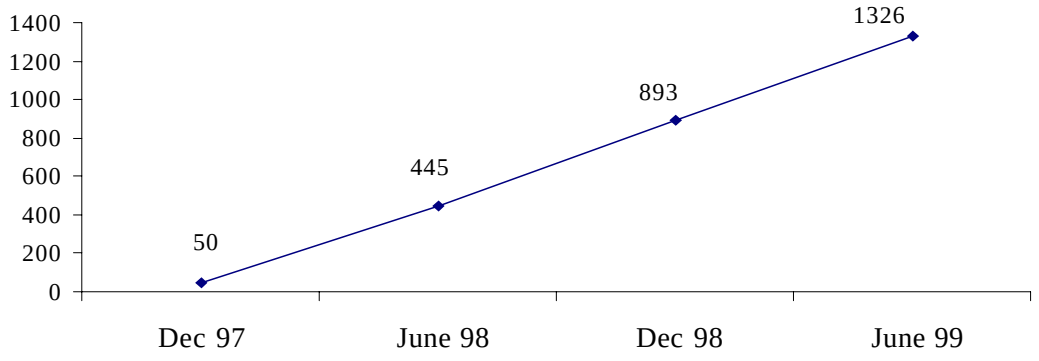
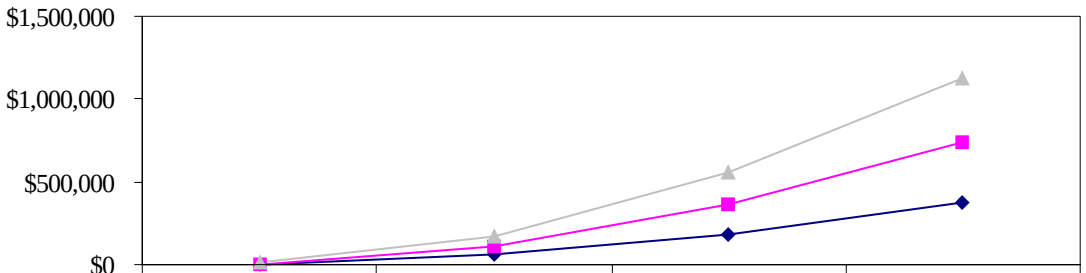


Table 8.3 IDA Savings, Cumulative*



	Dec 97	June 98	Dec 98	June 99
Participant Savings	$3,300	$59,968	$186,665	$378,708
Matching Funds	$4,329	$112,356	$366,042	$741,609
Total IDA	$7,629	$172,324	$552,707	$1,120,317

*Includes matched withdrawals.

Table 8.4 Number of Participants Who Made Matched Withdrawals, Cumulative

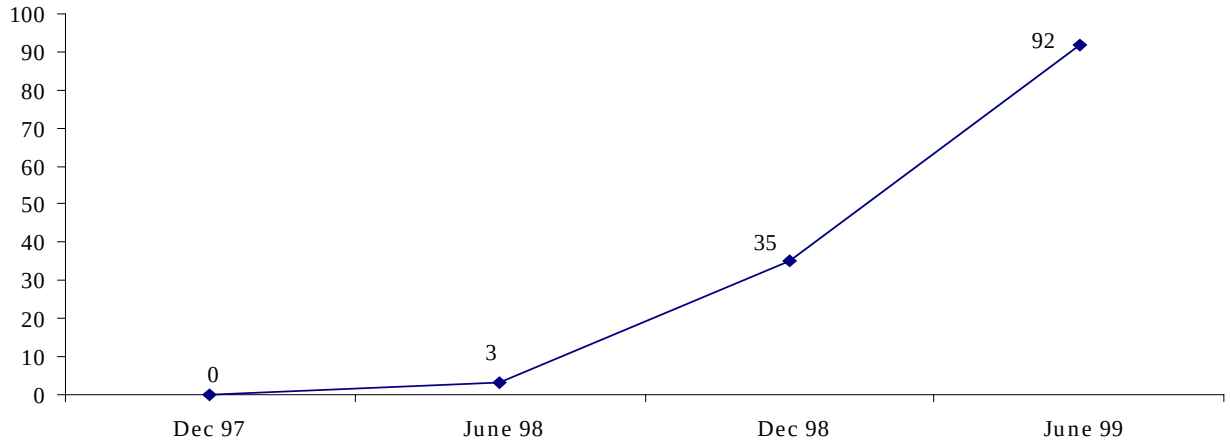
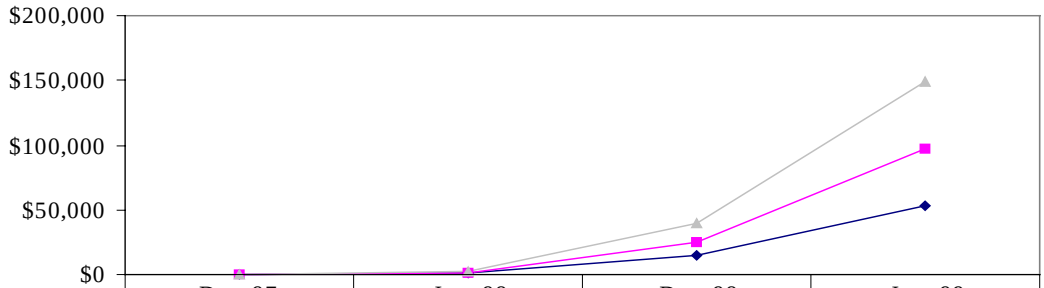


Table 8.5 Matched Withdrawal Amounts, Cumulative



	Dec. 97	June 98	Dec. 98	June 99
Participant Withdrawals	$0	$715	$14,496	$52,688
Partner Match	$0	$1,189	$24,890	$96,651
Total Matched Withdrawals	$0	$1,904	$39,386	$149,339

Table 8.6 Participants' Use of Matched Withdrawals

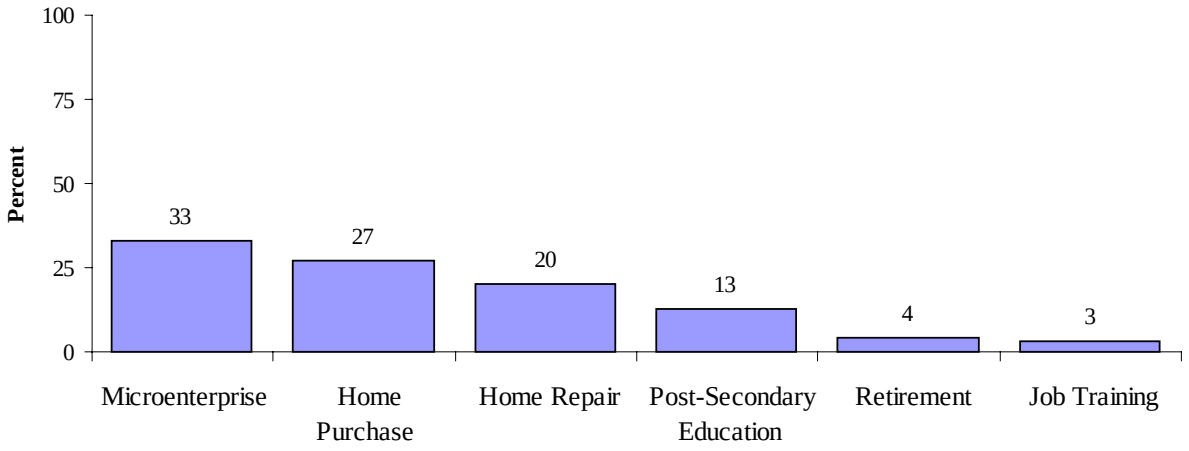
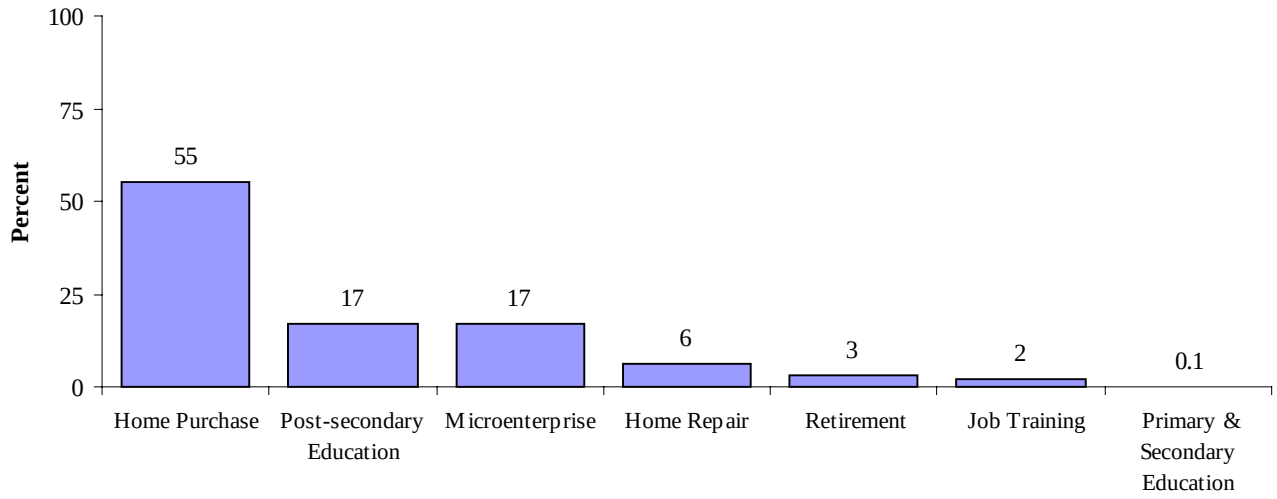


Table 8.7 Intended Use of IDA Account



Discussion

Enrollment in ADD (Tables 8.1 and 8.2) began rather slowly with 4 enrollees between July and September 1997, but after one year enrollment was running at over 200 per quarter, a level roughly maintained through June 30, 1999. The mean and median enrollment period for participants is 9 months. This enrollment pattern is typical of many IDA program start-ups; it often takes some months to recruit the first participants, but once people learn about the program and see their friends in it, enrollment tends to pick up rapidly. ADD program sponsors no longer talk about recruitment as a problem. The total enrollment at June 30, 1999 was 1,326 and the enrollment goal for ADD is 2,000.

As shown in Table 8.3, participant savings had reached $378,708 by June 30, 1999 (net of unapproved withdrawals, including interest). Matching funds for these savings were $741,609, almost 2:1 compared to savings, reflecting the typical match rate in ADD. (See Table 6.9 for variations in match rates.) Total IDA accumulation had reached $1,120,317.

A total of 92 IDA participants made matched withdrawals by June 30, 1999 (Table 8.4) and these matched withdrawals totaled $149,339 (Table 8.5). Participants used matched withdrawals (Table 8.6) for microenterprise (33%), home purchase (27%), home repair (20%), and post-secondary education (13%). This pattern is different from the overall intended uses of IDAs (Table 8.7); 55% of participants intend home purchase, 17% intend post-secondary education, and 17% intend microenterprise. Looking at intended use of IDAs by program (see Appendix A), it appears that the sponsoring organizations significantly influence intended use (e.g., there are more intended uses for home ownership in housing organizations). We believe early withdrawals for microenterprise are common because small sums may be used for small businesses, whereas larger amounts are usually required for home purchases.

9. Saving Outcomes

Measures of Six Saving Outcomes[1]

In order to analyze saving in IDA programs, we have thought carefully about different aspects of saving. No single measure of saving tells us all that we want to know, but together, the six measures defined below describe different aspects of how participants save. The measures cover the amount of accumulated saving, the regularity (in time and in amount) of deposits, and the closeness of actual saving behavior to the savings goals of the program. A running example illustrates the computation of each measure.

Participant savings. *Participant savings* are defined as all deposits and interest minus unapproved withdrawals. Equivalently, it is the account balance on the date of data collection plus matched withdrawals. Thus, participant savings count financial assets held in an IDA program as well as assets converted from financial assets in the IDA program to other types of approved assets.

The higher participant savings, the greater the accumulated assets. The measure does not account, however, for the length of participation, for the timing of deposits or withdrawals, nor for different savings goals among participants or programs.

To illustrate the measure, Table 9.1 shows activity for a hypothetical IDA account. The evolution of the account balance through time is pictured in Figure 9.1. The example participant opened the account on January 1. The match rate was 2:1, and the annual maximum potential matched deposit was $300. The first deposit of $100 was on February 1. On March 1, $1.00 of interest (a monthly rate of 1 percent) was credited to the account.[2] On April 1, there was an unapproved withdrawal of $25 and an interest credit of $1.01. On May 1, the participant deposited $50, and $0.77 in interest was credited. Finally, on June 1, five months after the account was opened, interest of $1.28 was credited, and the example participant closed the account with a matched withdrawal of $127.78.

Participant savings in the example were thus $129.06, deposits ($100 + $50 = $150) plus interest ($1.00 + $1.01 + $0.77 + $1.28 = $4.06) less unapproved withdrawals ($25).

Table 9.1 Activity in a Hypothetical IDA Account

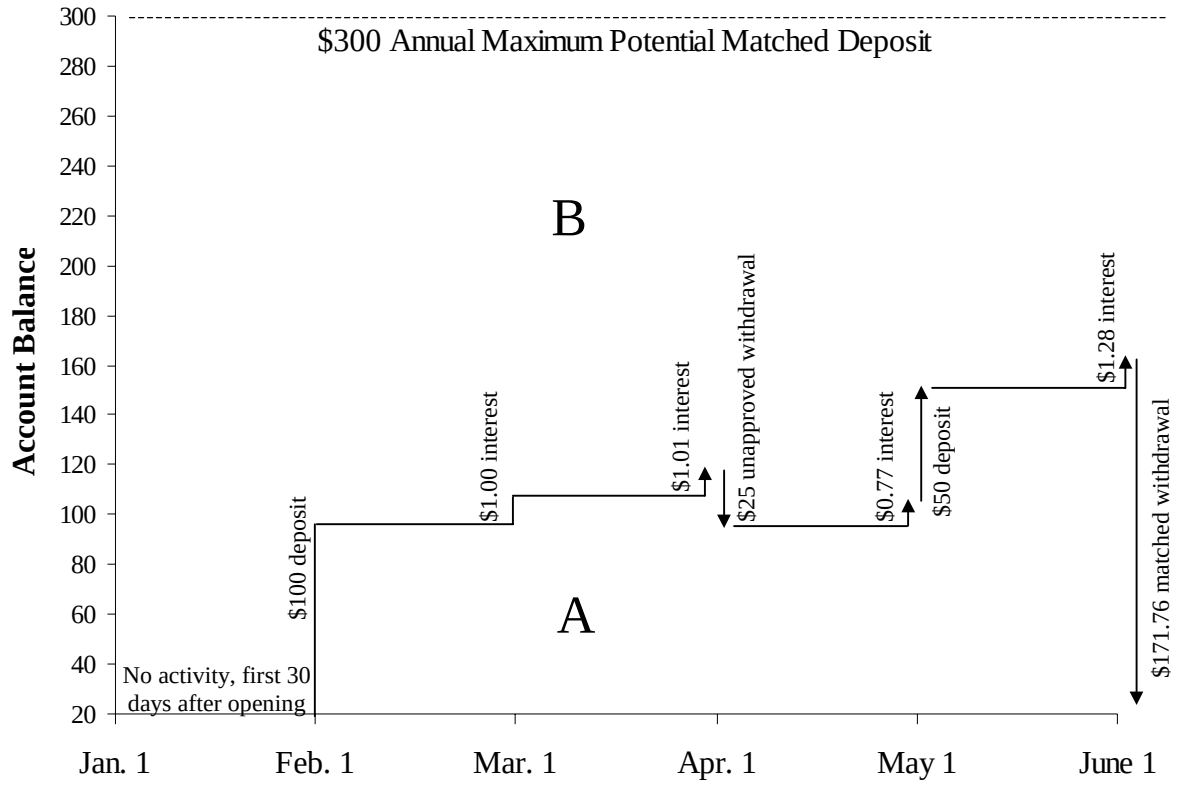
Date	Deposit ($)	Interest ($)	Matched withdrawal ($)	Unapproved withdrawal ($)	Balance ($)
Jan. 1	0.00	0.00	0.00	0.00	0.00
Feb. 1	100.00	0.00	0.00	0.00	100.00
March 1	0.00	1.00	0.00	0.00	101.00
April 1	0.00	1.01	0.00	25.00	77.01
May 1	50.00	0.77	0.00	0.00	127.78
June 1	0.00	1.28	129.06	0.00	0.00

Note: The annual maximum potential matched deposit is $300. For the purposes of this example, the monthly interest rate is 1%. The match rate is 2:1.

[1] The CSD research team developed saving outcome measures. Mark Schreiner clarified, expanded to include lumpiness and proportion of savings goal over time, and wrote this section.

[2] Interest of one percent per month is unrealistically high, and is used here only to illustrate the saving outcome measure.

Figure 9.1 Evolution of Hypothetical Account Balance



Average monthly deposit. *Average monthly deposit* is defined as *participant savings* divided by the number of months of participation. Unlike participant savings, average monthly deposit does control for the length of time that a participant has had the opportunity to save.

The example participant was in the IDA program for 5 months, and participant savings was $129.06, so average monthly deposit was $25.81, or $129.06 / 5.

Deposit regularity. *Deposit regularity* is defined as the number of months in which a deposit was made divided by the number of months in which a deposit was possible. If a participant made a deposit each month, then the ratio would be 1.00. As a participant misses months, the ratio gets smaller, although it cannot get smaller than zero. Deposit regularity indicates to what extent participants save steadily through time. For the purpose of this measure, deposits of accrued interest are not counted as deposits.

The example participant made deposits in 2 of 5 months of participation. Deposit regularity was thus 0.4, or 2 / 5.

Deposit lumpiness. While deposit regularity measures the steadiness of deposits in terms of time, deposit lumpiness measures the steadiness of deposits in terms of amount. *Deposit lumpiness* is defined as the biggest single deposit divided by the average monthly deposit. If a participant made equal-sized deposits each month, then deposit lumpiness would be 1.00. If some deposits are bigger than the others, or if some months have no deposits, then the ratio increases away from 1.00.

The biggest single deposit in the hypothetical example was $100. The average monthly deposit (without accrued interest) was $30, derived as $150 (the sum of the $100 deposit and the $50 deposit) divided by the 5 months of participation, $150 / 5. Deposit lumpiness is then 3.33, found as $100 / $30. This means that the biggest actual deposit ($100) was 3.33 times as large as the hypothetical equal-sized monthly deposit ($30) that would have been needed to produce the same total deposit ($150).

Proportion of savings goal.[3] The *proportion of savings goal* is defined as the ratio of the average monthly deposit to the monthly savings goal. The monthly savings goal is taken as one-twelfth of the annual maximum potential matched deposit, as set by the program. Thus the proportion of savings goal indicates the closeness of actual saving behavior to the behavior that would take full advantage of the incentives offered by the program. A ratio of 1.00 implies that on average, a participant saved the maximum matchable amount.

For the example participant, the monthly savings goal is $25, which is the annual maximum potential matched deposit divided by 12, $300 / 12. Because average monthly deposit was $25.81, the proportion of savings goal was 1.03, or $25.81 / $25. The participant saved more than the monthly goal and yet still had all savings matched because participation lasted for less than a year and because match-eligibility is based not on actual months of participation but on expected years.

It should be noted that the savings goal is set by the program and values less than 1.00 on proportion of savings goal still represent positive savings. As a comparison, if a person opened an IDA and saved the maximum of $2,000 in only five years out of ten, she would have a proportion of savings goal of 0.50, but she would still have IRA savings.

Proportion of savings goal over time.[3] The *proportion of savings goal over time* is defined as the number of dollar-months saved divided by the number of dollar-months that would have been saved had the participant made a deposit equal to the annual maximum potential matched deposit on the first day of each year. (A *dollar-month* is a dollar held in an account for a month. For example, a deposit of 2 dollars withdrawn after three months is six dollar-months of saving.)

The proportion of savings goal over time is the only measure to account for both the size and the timing of deposits. For example, if a participant deposited the annual maximum potential matched deposit on the first day of the year and did not withdraw it, then the proportion of savings goal over time would be 1.00. If, on the other hand, the participant waited until the last day of the year to make the same deposit, the ratio would be almost zero. Finally, if the participant made equal-sized deposits each month such that their total was the annual maximum potential matched deposit, then the ratio would be about 0.50. All else constant, early deposits increase the proportion of savings goal over time more than do equal-sized later deposits.

In the example, the number of dollar-months saved is $405.80, the sum of the start-of-month balances (0 + $100 + $101.01 + $77.01 + $127.78). Ignoring interest, the number of dollar-months that would have been saved had the participant deposited the annual maximum potential matched deposit on the first day would be $1,500, or $300 + $300 + $300 + $300 + $300. Thus the proportion of savings goal over time is 0.27, or $405.80 / $1,500. In Figure 9.1, this is the

[3] The word *goal* is used here to represent the IDA program goal as defined by the maximum matchable amount of savings. It does not mean participant goal.

ratio of area A to area A + B. If the participant had made the $100 deposit on Jan. 1 instead of on Feb. 1, then, ignoring interest, the number of dollar-months saved would increase to $505.80. Although this change in the timing of deposits does not affect the other five measures of saving, the proportion of savings goal through time increases to 0.34 ($505.80 / $1,500).

As defined here, proportion of savings goal over time would not be expected to have high values in an IDA program. As stated above, a value of 0.50 would represent regular monthly saving in relation to program goals. Also, "lumpy" savers may wait to save toward the end of the year, which would greatly reduce their performance in this measure (though they still have savings).

Table 9.2 Correlations of Measures of Saving Outcomes

	Participant Savings	Average Monthly Deposit	Deposit Regularity	Deposit Lumpiness	Proportion of Savings Goal
Average Monthly Deposit	.505***				
Deposit Regularity	.291***	.365***			
Deposit Lumpiness	.069*	-.169***	-.635***		
Proportion of Savings Goal	.449***	.824***	.355***	-.180***	
Proportion of Savings Goal Over Time	.611***	.377***	.219***	-.005	.595***

Note: Total sample size is 1,326. For deposit lumpiness, the sample size is 1,306 due to missing data.
Pearson r correlations significant at the following levels:
*<.05. **<.01. ***<.001.

Before further analysis of these measures of saving outcomes for ADD participants, we should ask if they are empirically distinct. The matrix of correlation coefficients (Table 9.2) above finds a strong relationship between average monthly deposit and proportion of savings goal (.824); a negative relationship between deposit regularity and deposit lumpiness (-.635); a relationship between participant savings and proportion of savings goal over time (.611); a relationship between proportion of savings goal and proportion of savings goal over time (.595); and relationship between participant savings and average monthly deposit (.505). These intercorrelations are expected. Only the highest one, where r = .824 and r^2 = .679, suggests that the variables are measuring substantially the same thing.

Measures of Saving Outcomes Across ADD Programs

On the following pages, we take a closer look at these six saving outcome measures at the 14 IDA programs separately and at all programs together. IDA programs are identified by a number because our purpose is not to focus on particular programs but rather to show the variation across programs in the mean, median, minimum, maximum, and standard deviation values for each outcome measure. All saving outcome data include 79 ADD participants who have saved nothing[4] and 107 "dropouts."[5] (These two groups overlap.)

[4] In ADD, participants can have a bank statement with no deposits.
[5] See Chapter 13 for discussion of dropouts.

Table 9.3 Participant Savings in Dollars						
Program	**N**	**Mean**	**Median**	**Minimum**	**Maximum**	**Standard Deviation**
1	55	508.14	401.65	0.00	1,422.22	413.32
2	85	311.65	164.00	0.00	2,252.92	386.86
3	101	269.38	238.81	0.00	853.06	217.80
4	107	137.76	75.68	0.00	527.52	154.01
5	82	341.22	344.02	0.00	738.25	219.58
6	87	296.50	180.24	0.00	2,006.18	361.58
7	36	195.60	211.72	0.00	368.80	108.50
8	151	502.23	412.22	0.00	1,497.51	422.61
9	101	159.45	80.14	0.00	1,121.79	186.65
10	92	210.63	96.46	0.00	867.44	235.83
11	90	104.62	65.16	0.00	571.41	122.22
12	97	299.23	243.55	0.00	946.64	227.96
13	110	235.34	120.04	0.00	1,503.69	312.33
14	132	347.40	261.27	0.00	1,133.00	291.05
All Programs	1,326	285.60	181.19	0.00	2,252.92	309.18

Participant savings varies quite a lot by IDA program because different programs have different savings goals and expectations and because programs started at different times. Across all programs, the median participant in ADD had savings of $181, and the largest amount of savings was $2,253. The size of the standard deviations suggests that participant savings vary quite a bit across participants, but of course this measure does not control for the length of participation.

Table 9.4 Average Monthly Deposit in Dollars						
Program	**N**	**Mean**	**Median**	**Minimum***	**Maximum**	**Standard Deviation**
1	55	61.32	62.13	0.00	250.18	54.18
2	85	28.18	21.48	0.00	109.06	25.94
3	101	24.61	23.49	-4.17	86.52	16.83
4	107	17.05	11.27	0.00	60.14	16.63
5	82	23.35	25.46	0.00	738.25	12.05
6	87	30.44	25.39	0.00	147.50	27.58
7	36	13.15	15.14	-10.91	20.49	6.71
8	151	33.31	31.09	-6.94	97.43	26.38
9	101	48.73	25.72	0.00	490.23	70.93
10	92	24.97	16.95	0.00	289.15	35.22
11	90	38.43	17.65	0.00	571.41	81.31
12	97	31.00	30.44	0.00	105.18	17.88
13	110	31.47	16.14	0.00	520.03	68.61
14	132	51.86	56.57	0.00	142.89	32.93
All Programs	1,326	33.29	23.48	-10.91	571.41	43.70

*Minimum values are sometimes negative, reflecting net unapproved withdrawals during the period.

Average monthly deposit is a useful measure because it does control for length of participation in the IDA program. Across all programs, the median was $23 and the mean was $33. The median varied from a low of $11 at one program to a high of $62 at another, indicating large differences across programs. Different programs have different monthly savings goals.

Table 9.5 Deposit Regularity						
Program	**N**	**Mean**	**Median**	**Minimum**	**Maximum**	**Standard Deviation**
1	55	0.57	0.50	0.08	1.00	0.31
2	85	0.51	0.50	0.00	1.00	0.31
3	101	0.59	0.60	0.06	1.00	0.26
4	107	0.53	0.54	0.00	1.00	0.30
5	82	0.73	0.80	0.13	1.00	0.25
6	87	0.62	0.61	0.13	1.00	0.28
7	36	0.64	0.64	0.13	1.00	0.25
8	151	0.72	0.76	0.07	1.00	0.25
9	101	0.84	1.00	0.00	1.00	0.23
10	92	0.61	0.60	0.00	1.00	0.29
11	90	0.64	0.67	0.00	1.00	0.31
12	97	0.79	0.85	0.25	1.00	0.20
13	110	0.65	0.70	0.08	1.00	0.32
14	132	0.71	0.74	0.11	1.00	0.24
All Programs	1,326	0.66	0.70	0.00	1.00	0.29

Across all programs, deposit regularity has a median value of 0.70, indicating that the typical IDA participant makes a deposit in seven out of every ten months. The median varies across programs from a low of 0.50 to a high of 1.00.

Table 9.6 Deposit Lumpiness						
Program	**N**	**Mean**	**Median**	**Minimum**	**Maximum**	**Standard Deviation**
1	55	4.22	3.17	1.00	13.00	3.27
2	82	4.15	3.00	1.00	15.00	3.23
3	101	3.90	2.91	1.00	16.00	3.09
4	99	3.67	2.91	1.00	11.41	2.19
5	82	2.80	2.40	1.00	8.00	1.53
6	87	4.14	3.58	1.00	11.21	2.54
7	36	3.26	2.77	1.00	8.00	1.98
8	151	4.73	3.75	1.00	14.51	3.35
9	100	2.02	1.60	1.00	5.86	1.17
10	91	3.28	2.87	1.00	9.00	1.89
11	83	2.05	2.00	1.00	6.25	1.09
12	97	2.25	2.13	1.00	4.80	0.94
13	110	3.57	2.62	1.00	13.00	2.69
14	132	2.44	2.05	1.00	9.00	1.35
All Programs	1,326	3.33	2.50	1.00	16.00	2.49

Deposit lumpiness has a median value of 2.50, indicating that, for the typical participant, the largest deposit is 2.50 times the average monthly deposit. Across IDA programs, median values range from 1.60 (less lumpy) to 3.58 (more lumpy). The maximum values show that some individuals occasionally save very large amounts relative to average amounts, with a high lumpiness value of 16.00.

Table 9.7 Proportion of Savings Goal						
Program	**N**	**Mean**	**Median**	**Minimum***	**Maximum****	**Standard Deviation**
1	55	0.74	0.75	0.00	3.00	0.65
2	85	0.40	0.24	0.00	2.09	0.40
3	101	0.59	0.56	-0.10	2.08	0.40
4	107	0.49	0.34	0.00	1.70	0.46
5	82	0.69	0.75	0.00	1.67	0.36
6	87	0.73	0.61	0.00	3.54	0.66
7	36	0.88	1.01	-0.73	1.37	0.45
8	151	0.53	0.49	-0.11	1.56	0.42
9	101	0.78	0.41	0.00	7.84	1.13
10	92	1.07	0.52	0.00	6.94	1.21
11	90	0.69	0.45	0.00	9.17	1.16
12	97	0.74	0.73	0.00	2.52	0.43
13	110	0.77	0.48	0.00	12.48	1.64
14	132	0.95	0.98	0.00	2.86	0.61
All Programs	1,326	0.71	0.59	-0.73	12.48	0.84

*Minimum values are sometime negative due to net unapproved withdrawals during the period.
**Maximum values are high if participants have been in the IDA program only a short period but made large deposits (e.g., the amount matchable for the whole year) and some participants save beyond the amount matchable.

Proportion of savings goal measures how much IDA participants are saving compared to the program's annual or monthly target. Overall, the median value is 0.59. In other words, the typical IDA participant saved 59 cents for every dollar she could save and have matched. The medians range widely across programs from a low of .34 to a high of 1.01.

Table 9.8 Proportion of Savings Goal Over Time						
Program	**N**	**Mean**	**Median**	**Minimum**	**Maximum***	**Standard Deviation**
1	55	0.25	0.16	0.01	0.98	0.23
2	85	0.20	0.13	0.00	0.74	0.19
3	101	0.28	0.26	0.02	0.68	0.16
4	107	0.20	0.12	0.00	0.74	0.20
5	82	0.38	0.42	0.02	0.67	0.17
6	87	0.30	0.20	0.01	1.95	0.32
7	36	0.54	0.54	0.07	0.97	0.24
8	151	0.31	0.27	0.01	1.76	0.24
9	101	0.18	0.08	0.00	1.43	0.23
10	92	0.53	0.26	0.02	2.24	0.61
11	90	0.14	0.08	0.00	0.85	0.16
12	97	0.31	0.26	0.03	1.23	0.21
13	110	0.19	0.13	0.01	1.04	0.20
14	132	0.31	0.27	0.01	0.95	0.21
All Programs	1,326	0.28	0.22	0.00	2.24	0.28

*Maximum values exceed 1.00 when participants have been in the IDA program only a short period but have made large deposits.

For the proportion of savings goal over time, the overall median is 0.22, and the mean is 0.28. This means that, in terms of dollar-months of resources moved through time via an IDA program, the typical participant held between one-fourth and one-fifth as much in her account as she would have if she had made a deposit equal to the total annual matchable amount on the first day of each year. Again, variation across programs is large, with the lowest program median at 0.08 and the highest program median at 0.54.

10. Program Characteristics and Saving Outcomes

In this chapter, we begin to analyze the relationship between characteristics of programs and saving outcomes, using bivariate analysis (program characteristics are defined in Chapter 6).

These, bivariate tests measure the strength of the statistical relationship of a given program characteristic with a given average saving outcome, not controlling for any other variable such as other program characteristics or participant characteristics. The probability value, or *p value*, associated with each test is the likelihood that the observed relationship is the result of chance rather than the result of a "true" relationship. Suppose, for example, that the age of the IDA program has no real effect, positive or negative, on participant deposits. In a sample of IDA programs, however, the programs with high participant savings might, by chance, happen to be older programs. As the sample size increases, the probability that participant savings would continue to be high for older programs falls, unless the two truly have a relationship. The t statistic and the p value measure the probability that two variables have no relationship and that any relationship observed in a given sample is due simply to chance. The p value is a function of the t statistic; the larger the absolute value of the t statistic, the smaller the p value. Furthermore, the smaller the p value, the greater the likelihood that the relationship observed is "real" and not happenstance. For example, a p value of .05 indicates that the probability is no more than 5% that there is not a relationship between the two variables.

Several cautionary notes are in order: First, a statistically significant relationship does not imply that one variable causes the other. For example, a bivariate test may indicate that the age of the program is positively related to average participant savings, but this finding does not imply that program age per se increases saving. It may be that participants in older programs save more because older programs tend to be located in less-disadvantaged areas and thus serve less-disadvantaged participants. Or perhaps a third variable (say, the availability of funds from local donors) causes both an increase in the experience of programs (because programs in areas with many donors do not go bankrupt) and an increase in the match rate (because more funds are available for matches) that then causes participants to save more.

Second, statistically "insignificant" findings may still be important findings. For example, if average monthly savings does not vary with the income-poverty ratio of participants, then this result would have important implications for efforts to target IDAs to the poor.

Third, p values are affected by sample size. With very small samples, it is quite difficult to obtain statistical significance, even if relationships are strong; with very large samples, it is unusual *not* to obtain statistical significance. A sample size of 14 (as in the program-level analyses) is very small. A sample size of 1,326 (as in the participant-level analyses) is moderately large, but not so large that one would expect every relationship to be significant.

Fourth, statistically significant results are not necessarily significant in a practical or public-policy sense. For example, it may be that older programs induce more savings than younger programs, but policy cannot speed up time and cause programs to age more rapidly. (Of course, if age is a proxy for skills built by experience, then public policy might usefully search for ways to improve skills that do not require simply the passage of time.)

Fifth, p values required for statistical significance are a convention and they are somewhat arbitrary. The analyses here define "statistical significance" as a p value of .10 or below, .05 or below, or .01 or below. This assumes that program characteristics are not related to saving outcomes, and it requires a very high degree of certainty (90%, 95% or 99%) before stating that there is a true relationship. For the purposes of policy, however, it may be enough to know, for example, that each year of program age increases average monthly savings by $1 with 80% certainty (p value of 0.20).

Table 10.1 shows the bivariate correlations between a number of program characteristics and the six measures of saving outcomes. The measures of saving outcomes are averaged across participants at the program level.

Table 10.1 Program Characteristics and Program Saving Outcome Measures: Bivariate Analyses

	Participant Savings	Average Monthly Deposit	Deposit Regularity	Deposit Lumpiness	Proportion of Savings Goal	Proportion of Savings Goal Over Time
Age of Organization	.33	.11	.26	-.05	.024	.41
Age of Program	.13	-.42	.09	.12	.30	.64**
Economic Education Hours	-.11	-.23	-.34	.06	-.36	-.05
Average Match Rate	-.20	-.47*	-.12	-.07	.09	.44
Wait Period	.30	.37	.32	-.23	.21	-.10
Average Monthly Deposit Goal	.37	.71***	-.11	.12	-.44	-.69***
Average Number of Participants	.51*	-.08	.17	.47*	-.44	-.10
Average Income Poverty Level	.36	.24	.18	.15	.29	.15
Participants' Affiliation with Organization	.09	.55**	.12	-.29	.07	-.40
Organizational Size	.37	.35	-.07	.35	-.50*	-.38
IDA FTEs	-.02	.32	.28	-.09	-.36	-.43
Average IDA FTEs	-.34	.30	.16	-.37	-.07	-.31
IDA Expenses	.17	.48*	.00	.13	-.37	-.46*
Average IDA Expenses	-.08	.55**	-.09	-.14	-.11	-.41
Marketing Activity	-.26	.06	.31	-.24	.45*	.12

Pearson r correlations significant at the following levels:
*p<.10. **p<.05. ***p<.01.

Note: The p<.10 level of significance is used here because of the small number of programs (N=14).

The unit of analysis is the program, so there are 14 data points. Given this small sample size, we would not expect many significant correlations between program characteristics and average saving outcomes. Indeed, only 12 of 96 of the correlations in Table 10.1 are statistically significant at the 0.10 level. This is about how frequently we would expect to find statistically significant correlations due to chance.

Given these facts, we do not place much weight on the size or statistical significance of the bivariate correlation coefficients in Table 10.1. Nor do we report a multivariate analysis of these program characteristics and saving outcome measures, because the small N makes the results very questionable.

Instead, the results are useful mainly as a guide to suggest which program characteristics may influence saving outcomes and thus should be included in the multivariate analysis (Chapter 12). For that analysis, we will include the following nine program variables: age of organization, age of program, economic education hours, average monthly deposit goal, number of participants, participants' affiliation with organization, organizational size, average IDA FTEs, and average IDA expenses.

11. Participant Characteristics and Saving Outcomes

We turn next to participant characteristics and saving outcomes (participant characteristics are defined in Chapter 7). We first present results of bivariate statistical tests, then we estimate a multivariate model for each saving outcome with participant characteristics as independent variables.

The bivariate tests measure the strength of the statistical relationship between a given participant characteristic and a given saving outcome, not controlling for any other variable. At the participant level, we have 1,326 data points. As sample size increases, a given level of statistical significance is much easier to obtain and may be less indicative of practical or policy significance (see the previous chapter for a more detailed discussion of the interpretation of these statistical tests).

Table 11.1 shows Pearson r correlations between participant characteristics that are measured continuously and the six measures of saving outcomes.

Table 11.1 Continuous Participant Characteristics and Saving Outcomes

	Participant Savings	Average Monthly Deposit	Deposit Regularity	Deposit Lumpiness	Proportion of Savings Goal	Proportion of Savings Goal Over Time
Age	.15***	.07*	.17 ***	-.10***	.07**	.12***
Number of Adults	.03	.02	.04	-.05	.05	.10**
Number of Children	.03	.04	-.03	.06*	-.001	-.001
Dependency Ratio	.001	.02	-.07*	.08**	-.02	-.05
Income Poverty Level	.13***	.05	.07**	-.03	.06*	.11***
Total Assets	.20***	.10**	.12***	-.05	.13***	.17***
Financial Assets	.09**	.05	.06	-.03	.09**	.10***
Net Worth	.15***	.05	.08**	-.03	.09**	.12***
Total Liabilities	.15***	.08**	.10***	-.05	.10***	.13***
Consumer Debt/ Income Ratio	-.02	.02	.04	-.06*	.02	-.01
Economic Education Hours	.10**	.18***	.10**	-.16***	.16***	.11**

Pearson r correlations significant at the following levels:
*p <.05. **p<.01. ***p<.001.

Note: The total sample size is 1,326. Some analyses use slightly smaller samples due to missing data. Economic Education hours are reported for only 776 participants.

Of the 66 correlations in Table 11.1, 38 are statistically significant, 20 of these at the .001 level. We highlight overall patterns: First, deposit lumpiness appears to behave somewhat differently than the other saving outcomes. Many of the correlations for deposit lumpiness are negative, while most of the other correlations are positive. In addition, participant characteristics that are significantly related to other saving outcomes are less likely to be related to deposit lumpiness, and participant characteristics that are associated with deposit lumpiness tend not to be associated with other saving outcomes.

Second, several participant characteristics tend to be significantly and positively related to several saving outcomes. These are age, income poverty level, total assets, net worth, total liabilities, and hours of economic education taken. On the other hand, several participant characteristics seem not to be related to most saving outcomes. These are number of children, number of adults, the dependency ratio, and the consumer debt/income ratio. We reexamine these relationships later in the multivariate analyses.

The remaining tables in this chapter present bivariate relationships between saving outcomes and categorical participant characteristics. For dichotomous participant characteristics (i.e., of residence, gender, and bank use), we computed t statistics. A t statistic reveals whether the mean values for two groups on a particular saving outcome are significantly different in a statistical sense. For participant characteristics with three or more categories (i.e., educational attainment, employment status, race/ethnicity, welfare status, intended use of IDA savings, and actual use of IDA savings), we performed analyses of variance. An analysis of variance indicates whether there is, overall, a significant relationship between a given participant characteristic and a given saving outcome. When analyses of variance revealed significant relationships, we also performed post-hoc tests, tests that identify which particular groups have different mean saving outcome values. For example, if an analysis of variance revealed that education is significantly related to average monthly deposit, a post-hoc test may indicate that participants with college degrees have significantly higher average monthly deposits than participants without high school degrees.

Table 11.2 Residence and Saving Outcomes

	Urban (N=1,119)	Rural (N=207)	t value	p value
Participant Savings	290	260	1.67	.098
Average Monthly Deposit	34	27	3.83***	.000
Deposit Regularity	.66	.69	-1.93	.055
Deposit Lumpiness	3.38	3.11	1.39	.166
Proportion of Savings Goal	.71	.70	.39	.697
Proportion of Savings Goal Over Time	.28	.31	-1.93	.055

*p<.05. **p<.01. ***p<.001.

Table 11.2 shows that the average monthly deposit for urban residents ($34) is significantly higher than the average monthly deposit for rural residents ($27). Very likely this is explained by the fact that some rural programs have lower monthly savings goals. For the other saving outcomes, there are no statistically significant differences between urban and rural residents.

Table 11.3 Gender and Saving Outcomes				
	Female (N=1032)	**Male (N=294)**	**t value**	**p value**
Participant Savings	278	313	1.610	.108
Average Monthly Deposit	34	32	-.473	.636
Deposit Regularity	.66	.66	.179	.858
Deposit Lumpiness	3.3	3.3	-.399	.690
Proportion of Savings Goal	.71	.68	-.470	.638
Proportion of Savings Goal Over Time	.28	.29	.172	.863

*p<.05. **p<.01. ***p<.001.

Table 11.3 indicates that there are no statistically significant differences between males and females for any of the saving outcomes.

Table 11.4 Bank Use and Saving Outcomes				
	Banked (N=1058)	**Unbanked (N=268)**	**t value**	**p value**
Participant Savings	315	171	8.14***	.000
Average Monthly Deposit	35	25	3.58***	.000
Deposit Regularity	.68	.59	4.62***	.000
Deposit Lumpiness	3.3	3.5	-1.44	.152
Proportion of Savings Goal	.75	.56	3.33**	.001
Proportion of Savings Goal Over Time	.30	.22	4.46***	.000

*p<.05. ** p<.01. ***p <.001.

Note: Bank use measures whether participants had checking or saving account at their enrollment.

At the bivariate level, having a checking and/or savings account is consistently related to participants' saving outcomes (Table 11.4). Compared to those who were "unbanked," the "banked" participants had significantly higher mean values for participant savings, average monthly deposit, deposit regularity, proportion of savings goal, and proportion of savings goal over time.

Table 11.5 Educational Attainment and Saving Outcomes						
	Less than High School (N=197)	**High School Graduate (N=356)**	**Attended College (N=497)**	**College Graduate (N=270)**	**F value**	**p value**
Participant Savings	185	270	279	394	19.10***	.000
Average Monthly Deposit	25	32	34	41	5.69**	.001
Deposit Regularity	.62	.66	.66	.71	3.76*	.011
Deposit Lumpiness	3.34	3.18	3.49	3.17	1.46	.223
Proportion of Savings Goal	.55	.68	.70	.89	6.60***	.000
Proportion of Savings Goal Over Time	.22	.25	.29	.36	11.69***	.000

*p <.05. **p <.01. *** p <.001.

Analyses of variance indicate that the mean values of all saving outcomes except deposit lumpiness vary significantly by educational attainment (Table 11.5). Post-hoc tests reveal that college graduates have significantly higher values for average monthly deposits and deposit regularity than participants with less than a high school degree. College graduates also have significantly higher values than the other three groups for participant savings, proportion of savings goal, and proportion of savings goal over time. Participants with high school degrees and those who attended college also have significantly higher participant savings than those with less than a high school degree. Finally, participants who attended college have significantly higher values for proportion of savings goal over time than those with less than a high school degree. In sum, at the bivariate level, education appears to be related to saving outcomes, except deposit lumpiness. Education increases the amount and regularity of savings, both in an absolute sense and relative to savings goals.

Table 11.6 Employment Status and Saving Outcomes

	Employed Full-Time (N=787)	Employed Part-Time (N=329)	Not Employed Voluntarily (N=65)	Unemployed Involuntarily (N=144)	F value	p value
Participant Savings	305	292	261	177	7.244***	.000
Average Monthly Deposit	35	36	31	20	5.267***	.000
Deposit Regularity	.67	.69	.69	.57	6.162***	.000
Deposit Lumpiness	3.4	3.2	2.8	3.4	1.923	.124
Proportion of Savings Goal	.72	.78	.69	.49	4.335**	.005
Proportion of Savings Goal Over Time	.30	.28	.27	.21	3.659*	.012

*p <.05. **p<.01. ***p<.001.

Analyses of variance also indicate that the mean values of all saving outcomes except deposit lumpiness vary significantly by employment status (Table 11.6). Post-hoc tests reveal that participants who were involuntarily unemployed have significantly lower values for participant savings, average monthly deposit, deposit regularity, and proportion of savings goal than those who were employed full-time or part-time. Participants who were involuntarily unemployed also have a significantly lower value for proportion of savings goal over time than those who were employed full-time. In sum, at the bivariate level, employment status seems to be related to saving outcomes, except deposit lumpiness. Involuntary unemployment decreases the amount and regularity of savings, both in an absolute sense and relative to savings goals.

Table 11.7 Race/Ethnicity and Saving Outcomes						
	Caucasian (N=548)	**African American (N=533)**	**Latino or Hispanic (N=163)**	**Others (N=82)**	**F value**	**p value**
Participant Savings	325	231	307	340	9.864***	.000
Average Monthly Deposit	36	28	35	41	4.356**	.005
Deposit Regularity	.69	.62	.69	.66	6.415***	.000
Deposit Lumpiness	3.39	3.38	3.08	3.15	.832	.476
Proportion of Savings Goal	.76	.64	.74	.76	2.148	.092
Proportion of Savings Goal Over Time	.30	.27	.27	.31	1.195	.310

*p<.05. **p<.01. ***p<.001.

Analyses of variance indicate that the mean values of three saving outcomes—participant savings, average monthly deposit, and deposit regularity—vary significantly by race/ethnicity (Table 11.7). Post-hoc tests reveal that African-American participants have significantly lower values for average monthly deposit and deposit regularity than Caucasian participants. They also have significantly lower participant savings than the other three groups. Mean values of deposit lumpiness, proportion of savings goal, and proportion of savings goal over time do not vary by race/ethnicity. In sum, at the bivariate level, African-American participants appear to save less and to save less regularly.

Table 11.8 Marital Status and Saving Outcomes					
	Single, Never Married (N=614)	**Married (N=321)**	**Other (N=391)**	**F value**	**p value**
Participant Savings	260	337	284	6.626**	.001
Average Monthly Deposit	31	37	34	2.042	.130
Deposit Regularity	.62	.71	.68	11.159***	.000
Deposit Lumpiness	3.18	3.43	3.30	1.135	.322
Proportion of Savings Goal	.68	.77	.71	1.108	.331
Proportion of Savings Goal Over Time	.27	.32	.28	3.24*	.039

*p <.05. **p<.01. ***p<.001.

Analyses of variance indicate that the mean values of three saving outcomes—participant savings, deposit regularity, and proportion of savings goal over time—vary significantly by marital status (Table 11.8). Post-hoc tests reveal that married participants have significantly higher mean values for participant savings and proportion of savings goal over time than participants who were never-married, and that participants who were never-married have significantly lower values for deposit regularity than the other two groups. Mean values for deposit lumpiness, average monthly deposit, and proportion of savings goal do not vary significantly by marital status. In sum, participants who are single and never-married appear to save less and to save less regularly.

Table 11.9 Welfare Status and Saving Outcomes					
	Current TANF Recipients (N=84)	Former TANF/AFCD Recipients (N=153)	Never Received TANF/AFCD (N=1,089)	F value	p value
Participant Savings	116	310	295	13.84***	.000
Average Monthly Deposit	19	40	33	6.75**	.001
Deposit Regularity	.60	.71	.66	4.67*	.100
Deposit Lumpiness	2.59	3.14	3.41	4.39*	.013
Proportion of Savings Goal	.47	.87	.71	6.03**	.002
Proportion of Savings Goal Over Time	.17	.28	.29	7.46**	.001

*p <.05. **p<.01. ***p<.001.

Analyses of variance indicate that the mean values of all saving outcomes vary significantly by welfare status (Table 11.9). Post-hoc tests reveal that current TANF recipients have significantly lower values for deposit lumpiness than participants who have never received TANF or AFDC. Current TANF recipients have significantly lower values for participant savings, average monthly deposit, deposit regularity, proportion of savings goal, and proportion of savings goal over time than participants who were former TANF/AFDC recipients and participants who have never received TANF or AFDC. There are no significant differences in saving outcomes between former TANF/AFDC recipients and participants who have never received TANF/AFDC. In sum, being a welfare recipient is associated with less positive saving outcomes. However, being a former welfare recipient is not.

Table 11.10 Intended Use of IDA and Saving Outcomes								
	Home Purchase (N=726)	Home Repair (N=80)	Education (N=229)	Microenterprise (N=224)	Retirement (N=43)	Job Training (N=24)	F value	p value
Participant Savings	272	363	280	310	326	191	2.19	.053
Average Monthly Deposit	33	31	35	36	31	23	.62	.686
Deposit Regularity	.64	.69	.65	.70	.81	.64	4.04**	.001
Deposit Lumpiness	3.4	3.5	3.6	3.0	2.6	3.1	2.41*	.035
Proportion of Savings Goal	.66	.72	.74	.86	.61	.62	2.14	.058
Proportion of Savings Goal Over Time	.27	.32	.27	.34	.31	.26	2.93*	.012

*p<.05. **p<.01. ***p<.001.

Analyses of variance indicate that the mean values of three saving outcomes—deposit regularity, deposit lumpiness, and proportion of savings goal over time—vary significantly by participants' intended use of IDA savings (Table 11.10). Specifically, participants who intend to use their IDA savings for retirement make deposits more regularly than participants who intend to use their IDA savings for home purchase or education. Also, participants whose intended IDA use is microenterprise have a significantly higher mean value for proportion of savings goal over time than participants who intend to use their IDA savings for home purchase.

Table 11.11 Actual Use of IDA and Saving Outcomes

	Home Purchase (N=25)	Home Repair (N=18)	Post-secondary Education (N=12)	Microenterprise (N=30)	Retirement (N=4)	Job Training (N=3)	F value	p value
Participant Savings	811	935	599	673	628	572	2.84*	.020
Average Monthly Deposit	72	59	70	65	50	46	.505	.772
Deposit Regularity	.72	.85	.60	.69	.94	.71	3.17*	.011
Deposit Lumpiness	3.6	4.9	3.9	3.2	1.5	3.6	1.89	.105
Proportion of Savings Goal	1.24	.95	1.05	1.33	.92	1.15	1.03	.406
Proportion of Savings Goal Over Time	.54	.36	.31	.52	.28	.35	2.23	.058

*p <.05. **p<.01. ***p<.001.

Note: There are a total of 92 participants who reported actual use of IDA. Compared with general participants, this subgroup had much higher mean values of all six dependent variables.

Analyses of variance and post-hoc tests show that participants who actually used their IDAs for home repair or retirement have significantly higher deposit regularity than participants who used their IDAs for post-secondary education (Table 11.11). There are no significant differences in the other saving outcomes by actual use of IDA.

Next, we use ordinary least squares regression to estimate a multivariate model for each saving outcome (Table 11.12).[1] These models include all of the above participant characteristics as independent variables. They reveal the strength of the statistical relationship between a given participant characteristic and a given saving outcome, controlling for other participant characteristics in the model but not controlling for any other variables.

[1] Ordinary least squares regressions are used here and in Chapter 12 (as opposed to tobit analysis) because we have a small percentage of zero values on saving outcome measures. Of 1,326 ADD participants, including "dropouts" (see Chapter 13), only 79 or 6% have saved nothing.

Table 11.12 Participant Characteristics and Saving Outcomes: Multivariate Analyses

	Participant Savings	Average Monthly Deposit	Deposit Regularity	Deposit Lumpiness	Proportion of Savings Goal	Proportion of Savings Goal Over Time
Intercept	99.41	7.47	0.433***	4.809***	0.314	0.105
Female	-16.07	2.08	0.012	0.105	0.032	0.020
Urban Residence	87.13**	11.54**	-0.015	0.467*	0.091	-0.0081
Race/Ethnicity						
(White)						
African-American	-85.68***	-9.23**	-0.028	-0.374*	-0.113*	0.001
Latino or Hispanic	-14.69	-1.44	0.034	-0.624*	-0.0009	-0.014
Other	9.61	4.73	-0.013	-0.359	-0.0021	0.020
Age	2.91**	0.199	0.004***	-0.017*	0.0043	0.0025**
Married	0.424	0.140	0.032	-0.036	-0.012	-0.012
Education						
(College Graduate)						
Less than High School	-142.1***	-10.10*	-0.040	0.032	-0.230**	-0.095**
High School Graduate	-79.78**	-5.92	-0.014	-0.072	-0.193**	-0.070**
Attended College	-90.89***	-8.45**	-0.041	0.331	-1.75**	-0.053*
Employment Status						
(Employed Full-Time)						
Employed Part-Time	22.01	1.78	0.033	-0.256	0.073	0.002
Unemployed Involuntarily	-52.40	-8.54*	-0.036	-0.123	-0.134	-0.039
Not Employed Voluntarily	-37.59	-2.87	0.006	-0.538	-0.037	-0.027
Number of Children	18.75**	2.19*	-0.003	0.114*	0.016	0.0075
Number of Adults	10.87	2.40	0.024	-0.299*	0.094*	0.052***
Income Poverty Level	41.07*	2.95	0.028	-0.281*	0.074	0.038*
Welfare Status						
(Never Received AFDC/TANF)						
Current TANF Recipient	-107.78**	-8.76	0.010	-1.14***	-0.084	-0.074
Former AFDC/TANF Recipient	29.72	3.97	0.074**	-0.319	0.116	-0.0035
Banked	42.39	7.06*	0.048*	-0.433	0.06	0.0094
Total Assets	0.0012**	0.00007	0.0000005	0.000002	0.000002	0.0000009*
Financial Assets	-0.002	0.00004	-0.0000005	0.00001	0.000003	0.000001
Consumer Debt/Income Ratio	-0.636	0.023	0.0006	-0.097*	0.0004	-0.0000002
Net Worth	0.0007	-0.00003	0.0000008	-0.000005	-0.0000004	-0.0008
R^2	0.133	0.069	0.076	0.053	0.059	0.079
Adjusted R^2	0.115	0.050	0.058	0.034	0.040	0.060
F	7.591***	3.682***	4.099***	2.733***	3.108***	4.254***
N	1,165	1,165	1,165	1,147	1,165	1,165

*p<.05. **p<.01. ***p<.001.

Note: N values are less than 1,326 due to missing data for some variables. Categories in parentheses are reference groups to which other categories are compared.

The F statistic for each of the six multiple regression models is significant at the 99% confidence level, indicating that it is very unlikely that all of the observed relationships occurred by chance. However, R^2 values for these models are small, ranging from 0.05 to 0.11. In other words, the models explain only 5% to 11% of the variance in the saving outcome measures. The most predictive model, which is for participant savings, explains only 11 percent of the variance. Again, we will try not to over-interpret these results, but some patterns in the multivariate models may be worth noting:

- Urban residents may have better saving outcomes than rural residents.
- Being African-American appears to be negatively related to several saving outcomes.
- Age appears to be negatively related to deposit lumpiness and positively related to several other saving outcomes.
- Education appears to be strongly related to savings amounts and reaching savings goals.
- Number of children may be positively related to several saving outcomes.
- Number of adults may be negatively related to deposit lumpiness and positively related to proportion of savings goal and to proportion of savings goal over time.
- Those with more income (i.e., those with higher income poverty levels) appear to save more.
- Current TANF recipients appear to save less than others.
- Those with checking and savings accounts outside of the IDA program (those who are "banked") appear to save more per month and to save more regularly.

These findings, across more than 1,100 IDA participants, are suggestive, but still tentative. In the next chapter, we look at individual and program characteristics together.

12. Participant and Program Characteristics and Saving Outcomes

This chapter examines saving outcomes while controlling for both participant characteristics and program characteristics. Because the multivariate regression controls for all these factors at once, the results are less likely than those of Chapter 11 to be due to omitted variables and are more likely to be close to the "true" relationships.

12.1 Participant Characteristics, Program Characteristics, and Saving Outcomes

	Participant Savings	Average Monthly Deposit	Deposit Regularity	Deposit Lumpiness	Proportion of Savings Goal	Proportion of Savings Goal Over Time
Participant Characteristics						
Intercept	-416.23***	3.752	0.191*	5.01***	0.615*	-0.118
Female	0.434	2.182	0.0045	0.259	0.04	0.023
Urban Residence	46.86	5.37	-0.011	-0.075	0.068	0.029
Race/Ethnicity						
(White)						
African-American	-67.52**	-9.74**	-0.0081	-0.15	-0.195**	-0.033
Latino or Hispanic	-7.5	-4.4	0.025	-0.305	-0.129	-0.04
Other	-15.84	1.42	-0.0071	-0.275	-0.0307	0.0083
Age	2.703**	0.161	0.0033***	-0.015*	0.0047*	0.0027**
Married	-1.18	1.71	0.024	-0.108	0.01	-0.016
Education						
(College Graduate)						
Less than High School	-136.32***	-8.96*	-0.054	0.102	-0.257**	-0.107***
High School Graduate	-74.19**	-3.75	-0.016	-0.084	-0.180**	-0.078**
Attended College	-106.35***	-7.88*	-0.053*	0.319	-0.190**	-0.068**
Employment Status						
(Employed Full-Time)						
Employed Part-Time	28.74	2.82	0.059**	-0.336	0.068	-0.0025
Unemployed Involuntarily	-58.61	-6.52	-0.012	-0.183	-0.148	-0.061*
Not Employed Voluntarily	-47.89	-2.14	0.018	-0.473	-0.12	-0.072
Number of Children	10.8	1.62	-0.0044	0.081	0.023	0.0113
Number of Adults	11.28	1.74	0.026	-0.237*	0.065	0.041**
Income Poverty Level	23.76	1.43	0.021	-0.310*	0.036	0.028
Welfare Status						
(Never Received AFDC/TANF)						
Current TANF Recipient	-68.11	-14.67**	-0.0066	-0.672*	-0.103	-0.025
Former AFDC/TANF Recipient	9.85	6.26	0.070**	-0.484*	0.105	-0.03

12.1 Participant Characteristics, Program Characteristics, and Saving Outcomes (continued)						
	Participant Savings	**Average Monthly Deposit**	**Deposit Regularity**	**Deposit Lumpiness**	**Proportion of Savings Goal**	**Proportion of Savings Goal Over Time**
Participant Characteristics						
Banked	12.23	5.354	0.035	-0.486*	0.084	0.0177
Total Assets	0.00095*	0.000047	0.0000005	-0.0000022	0.0000014	0.00000066
Financial Assets	-0.00091	0.000063	-0.00000013	0.000013	0.000003	0.0000013
Consumer Debt/Income Ratio	-0.497	0.0103	0.00041	-0.0082	0.00058	-0.00047
Net Worth	0.00066	0.000019	0.00000017	-0.0000058	-0.000000036	-0.00000036
Program Characteristics						
Age of Organization	3.571**	0.186	0.0043**	-0.045***	-0.00069	0.0038**
Age of Program	17.69***	0.157	0.0070*	0.054*	0.0082	0.013***
Economic Education Hours	0.761	-0.564**	-0.0039**	-0.0064	-0.0032	0.0047**
Average Monthly Deposit Goal	3.88**	0.440**	0.00022	-0.0011	-0.013***	-0.0067***
Number of Participants	1.024	-0.221	-0.00057	0.014	-0.00066	0.00147
Participants' Affiliation with Organization	84.67*	21.56***	0.23***	-1.54***	0.520***	0.118**
Organizational Size	0.55	0.031	0.00075	0.0034	-0.00018	-0.00016
Average IDA FTEs	-2169.23*	-97.5	5.367***	-40.62***	-6.22*	-3.115***
Average IDA Expenses	0.0331	-0.0052	-0.0019***	0.013**	0.0031*	0.00165**
R^2	0.238	0.132	0.153	0.142	0.111	0.182
Adjusted R^2	0.216	0.107	0.129	0.117	0.086	0.158
F	11.028***	5.378***	6.387***	5.748***	4.411***	7.847***
N	1,165	1,165	1,165	1,147	1,165	1,165

*p<.05. **p<.01. ***p<.001.

Note: Categories in parentheses are reference groups to which other categories are compared. N values are less than 1,326 due to missing data for some variables.

The null hypotheses that the regression models explain none of the variance in saving outcomes are rejected (all the F statistics are statistically significant). The models explain between 11% and 24% of the variance in the dependent variables. Although R^2 values in this range may not be considered impressive for some types of models, they are informative for models of individual saving outcomes. Saving is a complex behavior; nearly all constraints and choices affect saving, often in subtle or difficult-to-observe ways. Models that attempt to capture such complex behavior have values for R^2 in the range observed here. In any case, the goal of the analysis is less to understand all facets of saving behavior than it is to inform policy and to build knowledge about how IDAs can help the poor to save. The models can do this even if they do not contain all of the factors that affect saving. Moreover, this data set does not allow us to ask about overall

impact of IDA programs because all ADD participants are in the program. It could be (and indeed it seems likely) that the IDA program itself has large impacts on saving outcomes. We will be able to answer this question in the future with experimental data.

It should be noted that the 1,165 participants modeled here were in 14 programs, and, within a given program, program characteristics do not vary across participants. This means that the nine effects of program characteristics are estimated based on much less extensive information than are the effects of participant characteristics.

For several reasons, much of the discussion below focuses on the effects of characteristics on average monthly deposits. First, unlike the measure of participant savings, the measure of average monthly deposit controls for the length of participation. Second, the units of measurement of average monthly deposit are much simpler to grasp than, for example, the units of measurement of the proportion of savings goal over time. Third, although deposit regularity and deposit lumpiness are both very important, they are less directly related to the goal of asset accumulation. Moreover, it is not yet clear whether or in what ways regularity and lumpiness are positive or negative. Fourth, the difference between average monthly deposit and the proportion of the savings goal depends on the savings goal, and savings goals is a function of the program. Fifth, the proportion of savings goal over time differs from average monthly deposit and from the proportion of savings goal by a multiplicative factor and by the timing of deposits. The multiplicative factor is set somewhat arbitrarily by the program, and we do not have theoretical reasons as to why certain variables would encourage participants to make deposits earlier or later in their annual cycles.

Participant Characteristics

For the regression of participant characteristics on saving outcomes, the key results are as follows:

- Gender does not have a large or statistically significant effect in any of the regressions.

- Residence does not have a statistically significant effect, although the estimate of the effect of living in an urban area compared to a rural area is large (about $5 a month).

- African-Americans save smaller amounts than Caucasians. In terms of average monthly deposits, the statistical effect difference is about $9.70 per month. Hispanics save about $4.40 less than Caucasians, and Asian-Americans save about $1.40 more. It should be noted that we are not able to measure all variables that are correlated with race/ethnicity and savings, and omitting these variables almost certainly causes the effects of race/ethnicity to be overstated. Particularly, the history of limited asset accumulation by African-Americans due to active and continuing discrimination is not adequately specified by a simple race/ethnicity variable (Oliver and Shapiro, 1995). As one example of this, African-Americans are much less likely to have assets in family and friendship networks.

- Older participants save more and more regularly. The effect of an additional year of age is about $0.16, so a 10-year increase in age implies about $1.60 more of savings per month.

- Marital status has an effect of $1.70 a month more for married versus unmarried participants, but the estimate is not statistically significant.

- The effects of education are large and tend to be statistically significant. Compared to college graduates, participants who attend some college save about $8 less a month. High school graduates save about $4 less a month than college graduates and about $4 more a month than those participants who attended some college but who did not graduate. The latter result is surprising in that more education seems to depress saving, perhaps because participants are still in school. Participants who never finished high school save about $9 a month less than college graduates.

- The part-time employed save about $2 *more* a month than the full-time employed, although the effect is not statistically significant. Those who are not employed voluntarily save about $2 a month less than the full-time employed, and the involuntarily unemployed saved about $7 a month less. Again, none of the figures are statistically significant, but the general pattern suggests that employment matters.

- An additional adult in the household increases average monthly deposits by about $1.70, although again the relationship is not statistically significant. The effect of an additional child is similar. Overall, the indication is that married participants and participants in large households might save more and less lumpily.

- Income has a quite small and statistically insignificant effect on the amount of savings. For example, a change in income from 100% of the poverty line to 200% of the poverty line is estimated to increase average monthly saving by about $1.40. For such a large change in income, this is a small effect. It is also small compared to the average size of monthly savings (about $33). Chapter 16 discusses further the relationship between income and saving.

- The income poverty level has a large and statistically significant effect on deposit lumpiness. Higher-income participants are more likely to make deposits of similar sizes. This may suggest that these participants, who are probably also more likely to be employed, save by setting aside a relatively fixed amount each month, while poorer participants save by depositing lumps of money when they arrive. Either way, with income held constant, both strategies seem to lead to similar levels of accumulation through time.

- Compared to participants who never receive TANF or AFDC, former welfare recipients save about $6 *more* a month (not significant), and current recipients about $15 less (significant). Former recipients also saved more regularly than participants who never received TANF. Although we can only speculate about the causes, these results may suggest that the working poor do see IDAs as a worthwhile and effective way to stabilize their long-term economic progress, while people on welfare may still find it difficult to save even within the institutional structure of IDAs.

- Participants who have bank accounts (beyond their IDAs) save with less lumpiness and in greater amounts, about $5.40 a month more than those without bank accounts, although only the effect on lumpiness is statistically significant. This may suggest that experienced savers take greater advantage of the incentives in IDAs, or it may signal that IDA savings are simply reshuffled dollars from regular bank accounts.

- Total assets, financial assets, and net worth have very small and statistically insignificant effects on saving outcomes. For example, an increase in total assets of $1,000 would increase average monthly saving by about $0.05. This casts some doubt on the hypothesis that IDA savings are funded by reshuffling resources away from other forms of assets. Even a $1,000 increase in *financial* assets would increase average monthly savings by only $0.06.[1]

- The ratio of consumer debt to income has very small, statistically insignificant effects on all saving outcomes. This may suggest that participants do not borrow to fund deposits in IDA accounts.[2]

In sum, age, race/ethnicity, marital status, household size, education, employment status, welfare recipiency, and being banked all may effect saving outcomes. In contrast, gender, location of residence, income, and possession of other forms of assets do not seem to effect saving outcomes.

Several unexpected relationships reflect factors that normally indicate disadvantage but are related to higher saving in ADD. In particular, participants with just a high-school diploma saved more than those who attended some college; former welfare recipients saved more than participants who had never been on welfare; and the part-time employed and the voluntarily not employed saved about as much as the full-time employed. These unexpected patterns may suggest that IDAs have their biggest effects for the working poor, but more data on these relationships are needed.

Program Characteristics

For the regression of program characteristics on saving outcomes, the key results are summarized below. Because we have only 14 programs from which to draw observations, we note statistical significance but refrain from discussing sizes of effects or trying to explain the meaning of results.

- The age (and presumably experience) of the sponsoring organization is positively associated with participant savings and proportion of savings goal over time. Age of organization is also positively associated with deposit regularity, and negatively associated with deposit lumpiness.

[1] There is collinearity among total assets, financial assets, and net worth. However, omitting two of these and including only total assets in the regression does not yield statistically significant results.

[2] The issue of possible shifting of assets to put into IDA accounts is a key economic question which we cannot answer until we have experimental data on all assets of participants and controls over time. However, at this time, we do not see signs of such shifting, and most ADD participants have few assets to shift (Table 7.20).

- Age (and presumably experience) of the IDA program has very similar effects on saving outcomes as does age of the organization, except that both deposit regularity and deposit lumpiness appear to increase with age of the IDA program. Overall, there is a strong indication that age and experience matter.

- The number of economic education hours offered appears to increase the proportion of savings goal over time, but it is negatively associated with average monthly deposit and deposit regularity.

- The average monthly deposit goal appears to have a positive impact on participant savings and average monthly deposit, but a negative impact on proportion of savings goal and proportion of savings goal over time. In other words, when programs set a high goal for savings, it appears to increase savings, but participants also tend to fall short of the savings goal.

- The IDA program size as measured by the average number of participants does not seem to affect saving outcomes.

- The proportion of IDA participants who had an affiliation with the sponsoring organization prior to the IDA program has consistent positive associations with saving outcomes, except for deposit lumpiness, where the association is negative. Overall, there is a strong indication that prior relationships with participants matter.

- The size of the organization as measured by average organizational FTEs is not associated with saving outcomes.

- The staffing of the IDA program as measured by average IDA FTEs is negatively associated with participant savings, proportion of savings goal, and proportion of savings goal over time. It is positively associated with deposit regularity, and negatively associated with deposit lumpiness.

- Average IDA expenses at the program level are positively associated with proportion of savings goal and proportion of savings goal over time. The are also positively associated with deposit lumpiness, and negatively with deposit regularity.

Finally, we also ran a regression in which the nine measures of program characteristics were replaced by a set of indicator variables, one for each program. The intent was to test the importance of unmeasured program-level effects. Some programs do have effects on saving outcomes, but the explanatory power is not greater than for the measured program characteristics. Also, the estimated relationships between participant characteristics and saving outcomes are very similar to those reported in Table 12.1 and so are not presented here.

Reference

Oliver, M., and Shapiro, T. (1995). *Black wealth/white wealth*. New York: Routledge.

13. Attrition

Up to this point, the analyses have included both participants who stay in IDA programs as well as participants who do not. As of June 30, 1999, 107 of 1,326 participants (about 8%) had dropped out. In this chapter, we compare the characteristics of savers with the characteristics of dropouts. It is useful for policy purposes to know the characteristics of those who tend to be both willing and able to take advantage of the structure of incentives institutionalized within IDA programs.

Dropouts are defined as participants who have moved, died, or are no longer eligible, as well as those who are not able to save or lost interest in the program. (We combined dropouts who left because of inability to save or because of lost interest with those who moved or died because the characteristics of the two groups did not seem to differ.)

Savers are defined as participants who have reached their IDA goals or are still saving in ADD.

As a caveat, we note that the drop-out rate of 8% is probably under-reported in MIS IDA for three reasons. First, IDA staff may hope that a non-saver may save in the future and so are reluctant to record her as a dropout. Second, IDA staff may not realize that a participant has dropped out. Unless economic-education classes are required, the only record of IDA participation appears as deposits in monthly account statements. Even an active participant may have spells of several months in a row without a deposit, and some participants may withdraw some or all of their funds in an emergency only to replace them later. Third, because of demands from other responsibilities, in some cases IDA staff may not have updated known dropouts in MIS IDA until after June 30, 1999. Thus, the results and interpretation below may change when more complete information on dropouts is available.

Table 13.1 Savers vs. Dropout: Differences in Means for Continuous Measures

	Savers (N=1219)	Dropouts (N=107)	t value	p value
Age	37	32	4.80***	.000
Number of Adults	1.48	1.44	.60	.546
Number of Children	1.73	1.46	1.78	.075
Dependency Ratio	1.30	1.18	1.01	.312
Income Poverty Level	1.18	1.12	.87	.386
Total Value of Assets	14,634	3,520	9.08***	.000
Financial Assets	1,889	323	5.90***	.000
Total Value of Liabilities	10,190	3,121	7.42***	.000
Consumer Debt/Income Ratio	3.17	.98	4.39***	.000
Net Worth	4,366	428	5.55***	.000
Economic Education Hours	14.1	7.08	7.28***	.000

*p<.05. **p<.01. ***p<.001.

Table 13.1 presents the means of participant characteristics measured on a continuous scale for both savers and dropouts. In general, dropouts tend to be more disadvantaged than savers along several dimensions.

- Dropouts are about five years younger than savers, and the difference is statistically significant.

- Dropouts have smaller households, although the difference is not statistically significant.

- Somewhat surprisingly, dropouts tend to have a lower dependency ratio, although the difference is not statistically significant.

- Dropouts have less income, but not by much, and the difference is not statistically significant.

- Compared to savers, dropouts have about one-third as much total assets, financial assets, and total liabilities. Savers also have about three times as much consumer debt, relative to their income, and about ten times as much net worth. It appears that IDA participation is more difficult for people who lack some modicum level of assets. This is a somewhat ironic testament to the power of assets.

- Dropouts received about half as many hours of economic education as savers. It could be that more economic education effectively helps participants to stick with the program, but it is also possible that dropouts receive less economic education because they drop out before they can receive very much.

The key points regarding economic resources are that income does not seem to affect attrition, but non-IDA assets do seem to be important.

We turn next to comparisons of savers and dropouts for categorical measures (Table 13.2).

Table 13.2 Savers vs. Dropouts: Differences in Categorical Measures					
	N	Savers (N=1,219)	Dropouts (N=107)	Chi-Square	p value
Male	294	22%	27%	1.64	.200
Female	1,032	78%	73%		
Urban Residents	1,119	84%	89%	1.71	.191
Rural Residents	207	16%	11%		
African-American	533	39%	51%	6.17	.103
Caucasian	548	42%	33%		
Latino or Hispanic	163	12%	10%		
Other (Asian or Native American, etc.)	82	7%	6%		
Never Married	614	45%	58%	6.47*	.039
Married	321	25%	18%		
Other (Divorced, Separated, or Widowed)	391	30%	24%		
Did Not Complete High School	197	15%	16%	1.71	.635
High School Diploma or GED	356	27%	23%		
Attended College	497	37%	41%		
Graduated College	270	21%	17%		
Employed Full-time	787	60%	50%	14.33**	.002
Employed Part-time	329	25%	25%		
Unemployed Involuntarily	144	10%	21%		
Not Employed Voluntarily	65	5%	4%		
Current TANF Recipients	84	6%	5%	6.29*	.043
Former TANF Recipients	153	12%	5%		
Never Received TANF	1,089	81%	90%		
Banked	1,058	80%	77%	.718	.397
Unbanked	268	20%	23%		
Intended Use of IDA:				13.38*	.020
Home Purchase	726	55%	64%		
Education	229	17%	22%		
Microenterprise	224	17%	10%		
Home Repair	80	6%	1%		
Retirement	43	3%	1%		
Job Training	24	2%	2%		

*p <.05. **p <.01.

Table 13.2 compares the distributions of categorical variables between savers and drop-outs. The p value and the Pearson Chi-square statistic measure the likelihood that the observed differences between the distributions for the two groups could be due to chance rather than due to a systematic relationship with the likelihood of dropping out.

The results shown in Table 13.2 may be summarized as follows:

- Males and urban residents are more heavily represented among dropouts than are females and rural residents by about 5 percentage points, although in both cases we are only 80% certain that the effect is not due to chance.

- African-Americans are over-represented among dropouts, compared to Caucasians, Hispanics, and Others. The differences are close to significant (about 90% certainty).

- Urban residents are more represented among dropouts then among savers, though the difference is not statistically significant.

- Compared to being married, divorced, separated, or widowed, having never married increases the share of dropouts, compared to the share among savers. The difference is statistically significant.

- High-school graduates and college graduates are somewhat more likely to drop out than those who attended some college, although the effects are not significant. This pattern is similar to that observed in Chapter 12 in which participants with "some college" saved less in general than did high-school graduates.

- Full-time employment decreases the likelihood of dropping out; involuntary unemployment increases it. The effects are not likely due to chance.

- Former welfare recipients are about half as likely to drop out as are participants who have never been on welfare, and the effect is statistically significant. This may have positive implications for IDAs as a welfare reform strategy.

- Participants with a bank account are slightly less likely to drop out than the unbanked, although the difference is not statistically significant.

- Participants who intend to use their IDAs for home purchase or for microenterprise drop out with less frequency than do participants who intend to use their IDA for post-secondary education. This may result from the fact that home buyers are often already affiliated with a home-buyers program and thus receive more extensive support in their quest for their goals and likely have already started to save and to commit themselves mentally to home purchase. In the case of microenterprise, asset purchases are in smaller amounts and can take place soon after starting an IDA account, so savers do not have to wait long to use this IDA savings. Post-secondary education, on the other hand, takes longer to "purchase."

Some of the effects of participant characteristics on saving outcomes as described in previous chapters could be due in part to the effects of participant characteristics on the likelihood of dropping out. In particular, former welfare recipients are less likely to drop out than are participants who have never been on welfare, perhaps because the requirements for financial education and other program rules seem heavy-handed to people who are not used to the welfare

system. This may explain why the measures of saving outcomes are on the whole more positive for former welfare recipients than for people who have never been on welfare.

Furthermore, African-Americans are more likely to drop out than are other participants. Given the seemingly strong effects of assets on dropouts and the high possibility that African-Americans are more likely to lack assets than are other ethnicities, being an African-American in these bivariate comparisons may act as a proxy for lacking assets. Again, the long history of discrimination against African-Americans in asset-holding is not adequately specified by a single variable indicating race/ethnicity.

14. Match Rate

Note that we do not include average program match rate in the regression models in Chapter 12, because bivariate analyses in Chapter 10 indicate that match rate is not a useful variable for understanding IDAs in ADD. Of course, match rate is of great theoretical and policy importance in IDAs or any matched savings program. However, in ADD, match rates tend to be higher in programs where the population is poorest and savings goals are lowest. For example, the IDA program at the Mountain Association for Community Economic Development (MACED), located in a very poor rural county in Kentucky, has a match rate of 6:1, but expects participants to save only $15 per month. This is a program design decision responding to particular conditions. Program designs such as this lead, at the bivariate level, to a statistically significant *negative* correlation between average match rate and average monthly deposit in ADD overall. Under these circumstances, we are unable to say very much about the effects of program level match rate on savings. To put this in research language, the choice of match rate is sometimes endogenous with the expected saving outcomes; as such it does not make sense as an independent variable because it is not in fact independent.

When participant (individual level) match rates are added to the regression models that appear in Chapter 12, very little changes in the overall results. Nor is match rate related to participant savings or average monthly deposit. However, we do find an almost significant relationship between match rate and proportion of savings goal ($p = .052$) and a significant relationship between match rate and proportion of savings goal over time ($p = .032$). Thus, controlling for many other variables, match rate appears to be positively related to achieving savings goals.

We will know more about the effects of match rate when we have data from many more IDA programs. Based on the experience of ADD so far, match rate does not appear to be a major factor in whether or how much IDA participants save. This is perhaps similar to experiences in 401(k) retirement savings programs wherein, once participants sign up, a large portion tend to save at the maximum matchable amount, even though match rate varies across employers.

Probably the more important issue regarding match rate in IDA programs is asset accumulation. How large should the match be to lift IDA participants to a particular or general asset-building goal? In the MACED example above, it was decided that the match on $15 per month should be 6:1 or $90, for a total monthly accumulation of $105. This program design was not made thinking that a 6:1 match would be a strong incentive, but rather because a 6:1 match would be needed for participants to reach meaningful asset accumulation goals. (Many MACED participants will use the money to repair their homes. In Owsley County, Kentucky, many people own homes, but the condition of the dwellings is often substandard.) Thus, match rate in ADD and other matched savings programs may be more about asset goals than about incentives for saving.

15. Poverty and Saving

The finding in the bivariate analyses that, not controlling for other variables, people with lower incomes save less in the IDA programs of ADD is expected, but it is misleading. As we have shown in the overall regression analyses, when controlling for other factors, income is not associated with saving outcomes in the IDA programs of ADD.

Indeed, when we look at average monthly deposit and average monthly deposit divided by monthly household income, a quite different picture emerges. In Table 15.1 below, the median monthly deposit of the group at 50% of the poverty line and below was $20.10, while the median for the group at 176% to 200% of the poverty line was $25.30. This is an income difference of over 300%, but a savings difference of only 26%.

Table 15.1 Average Monthly Deposit and Average Monthly Deposit Divided by Monthly Income at Different Income Poverty Levels

	Average Monthly Deposit In Dollars		Average Monthly Deposit/ Household Monthly Income	
Income Poverty Level	**Mean**	**Median**	**Mean**	**Median**
.50 and Below	29.10	20.10	0.083	0.040
.51 to .75	31.00	19.50	0.038	0.023
.76 to 1.00	30.60	22.60	0.031	0.023
1.01 to 1.25	36.60	22.50	0.029	0.018
1.26 to 1.50	35.80	28.00	0.025	0.018
1.51 to 1.75	31.60	24.10	0.020	0.015
1.76 to 2.00	38.20	25.30	0.020	0.013
Over 2.00	36.30	34.40	0.017	0.014
Total	**33.30**	**23.50**	**0.033**	**0.019**

Further insight is gained by looking at the average monthly deposit divided by household monthly income (also shown in Table 15.1). Here we find that the group at 50% of the poverty line and below was saving a median of 4.0% of monthly income, while the group at 176 to 200% of the poverty line was saving 1.3% of monthly income. The mean values show even greater differences (8.3% compared to 2.0%). Thus, in the IDA programs of ADD, the very poorest participants are saving at a far higher rate than those who are relatively well off.

It should be noted that the very poor may appear to save at a higher rate because they have under-reported their incomes, but the level of under-reporting is likely to be small compared to the large size of the saving rate differences across income levels.

These results are consistent with an institutional theory of saving, in which an institutional structure (in this case, IDA programs) is more explanatory than individual characteristics and constraints, even monthly income, in determining saving outcomes. The savings match and other IDA program features appear to have a strong effect on savings choices of very low income IDA participants. At the same time, the maximum matchable amount appears to be a psychological “cap” on average monthly deposit for higher incomes.

16. Conclusions

Can the poor save through the institutionalized structure of supports and incentives provided by IDAs? The early MIS IDA data from ADD show that they can. In 14 IDA programs run by 13 sponsoring organizations, 1,326 participants saved in IDA accounts. In the 24-month period leading up to June 30, 1999, the average participant in an average month saved about $33. Given that the average match was about 2:1, the average participant accumulated resources worth about $100 a month through IDAs.

ADD has shown that the poor can use IDAs not only to save but also to accumulate assets. Although the programs are still young and most participants have yet to make a withdrawal, 92 participants had made matched withdrawals for the purchase of assets for microenterprises, homes or home repairs, post-secondary education, retirement investments, and job training.

The ADD Population

How similar is the ADD population to the U.S. population below 200% of the poverty line? The answer to this question matters because the positive outcomes described above may hold true only for a small, self-selected segment of the low-income population. It turns out that, compared to the US low-income population, ADD participants are more likely to be female, African-American, and never married. ADD participants are more likely to have attended college or to have a college degree and less likely to have dropped out of high school. They are also more likely to have a bank account and to be employed. Thus, compared with non-participants with similar incomes, ADD participants are more likely to be disadvantaged in terms of gender, ethnicity, and marital status, but participants are less likely to be disadvantaged in terms of education, employment status, and use of banks. In sum, ADD seems to attract members of the "working poor" who, compared to the U.S. low-income population, are more disadvantaged in some aspects and less disadvantaged in other aspects.

Participant Characteristics and Saving Outcomes

How do participant characteristics affect saving outcomes in IDAs? Overall, results so far suggest that income may matter for saving strategies (regular vs. lumpy), but not for asset accumulation. Relationships between the income poverty level and several measures of saving outcomes are small and statistically insignificant. Likewise, the income poverty level does not seem to affect the likelihood of dropping out. Although preliminary results do suggest that higher income may be linked to more regular deposits and lower income may be linked to more lumpy deposits, the particular saving strategy does not affect the amount accumulated through time.

Moreover, very income-poor households save in IDAs at a higher rate than others. Households with income at half the poverty line or below saved, on average, 8% of their income in IDAs. Households between 50% and 125% of the poverty line saved about 4% of their income in IDAs. Households with incomes of 150% of the poverty line or more saved about 2% of their incomes in IDAs. This pronounced finding is consistent with the institutional theory of saving discussed

in Chapter 2, wherein some combination of incentives, information, access, and facilitation in the IDA program is the strongest determinant of saving, more influential than personal characteristics, even income, in effecting amounts of saving. This is in some ways analogous to participants in a 401(k) retirement program saving up to the maximum rate matched, because those are the program rules.

The result that poverty is associated with higher saving rates is consistent with some other findings. For example, participants who had received TANF or AFDC in the past tended to save more and more regularly than did participants who had never received TANF or AFDC. Furthermore, participants with a high-school diploma saved more and more regularly than did participants who had attended some college but who had not graduated. Likewise, participants who worked part-time saved more and more regularly than did participants who worked full-time. In all three of these examples, participants who were less advantaged in some sense saved more than did participants who were more advantaged. These effects remain even when controlling for program characteristics. Overall, these results suggest that matched saving may be an effective strategy for income-poor and disadvantaged populations, perhaps even a particularly effective strategy.

Certain demographic characteristics may affect saving behavior. For example, older participants save more and more regularly. This finding is expected due to life stage and responsibilities. Younger adults typically have lower savings.

Race/ethnicity also matters. The large and significant difference in saving between Caucasians and African-Americans suggests that IDA programs may have to make special efforts to engage African-Americans in saving and asset accumulation. The history of exclusion and discrimination in asset accumulation for African-Americans is reflected in these patterns. For example, it is very likely that African-Americans have fewer assets in family and friendship networks. Nonetheless, it should be kept in mind that African-Americans are still saving an average of about $28 per month in IDA programs. The ratio of mean IDA savings between Caucasians and African-Americans (36:28, or about 4:3) is vastly more equal than the approximately 10:1 ratio in white vs. black net worth in the society overall. Because most ADD participants have very low net worth, after a few years of IDA participation the white-black gap in net worth would be narrowed quite a lot. This is not to say that race/ethnicity differences in IDA savings should be downplayed, but to keep in mind that, even for African-Americans, savings performance in ADD can only be considered a success.

Several types of personal characteristics do not seem to affect average monthly deposit. For example, saving patterns are similar for both men and women and for both urban and rural residents. Likewise, average monthly deposit is not affected by the levels of total assets, financial assets, or net worth. The ratio of consumer debt to income does not seem to affect saving. These preliminary results on the effects of financial assets and debt may suggest that IDA deposits are truly new savings and not transfers of savings that would have taken place in other forms.

Program Characteristics and Saving Outcomes

How do program characteristics affect saving patterns in IDAs? The results at the program level are not very robust because they are based on just 14 data points, i.e., one for each program. Still, a common pattern is that IDA programs with greater age (and presumably more experience) produce better saving outcomes. Furthermore, participants who were already affiliated with the sponsoring organization in some way seem to respond more to the incentives built into IDAs. The effects of inputs in terms of financial education are mixed; preparing curricula and teaching courses may divert staff from IDA activities that may have greater impacts, yet successful savers seem to have taken more hours of classes than dropouts (this effect could be due to selection).

Overall, it seems likely that the IDA program itself has a very large effect on saving, stronger than many personal characteristics, but we will not be able to say this with certainty until the experimental evidence (comparison of IDA participants with a control group) is available.

In Sum

These results, based on MIS IDA data from the first two years of ADD, have broken new ground in the study of saving by the poor. The research is innovative empirically in the use of MIS IDA to track savings behavior through time. It is innovative theoretically in development of measures that capture distinct aspects of saving behavior that are applicable to both poor and non-poor households.

The MIS IDA data analyzed here show that the poor can save and accumulate assets through IDAs. On average, ADD participants have saved $33 per month and have accumulated $286 over an average of nine months. With matching funds, the average accumulation is $845 (these figures include non-savers and dropouts). Although there are some differences in savings rates by individual characteristics (e.g., age, race/ethnicity), the more striking result is that so many ADD participants save so well. Perhaps most noteworthy, amounts of saving vary little with income, and the very poor save at a much higher rate than others. If this finding persists, it may lead to theoretical contributions and a re-thinking of savings policy for the poor. At the moment, however, these findings are preliminary.

Future Work

We do not yet know much about *how* or *why* the poor can save through IDAs. Nor do the MIS IDA data reveal much about whether IDAs help the poor to save more or to have greater asset accumulation than they would have had in the absence of IDAs. To inform development-based policy with a focus on assets for the poor, we want to know which institutional features attract the poor to IDAs. Do the poor use IDAs because of the high rate of return they offer (due to the match), because of the social and psychological incentives and opportunities they represent (through staff and peer support for saving and by pointing out the importance of assets even for the poor), and/or because of the opportunities to constrain their own choices (through regular savings goals and implicit penalties for unmatched withdrawals)?

The ADD design includes multiple evaluation methods meant to address precisely these questions for which data from MIS IDA cannot provide an appropriate answer. For example, we are conducting in-depth interviews with participants to learn how they perceive IDAs and their advantages and disadvantages. The intent is to learn how and why the poor save through IDAs, in their own words, teasing out social and psychological effects that cannot be derived from statistical analysis. Often, as in the surprising result that former recipients of TANF or AFDC save more and more regularly than people who have never received TANF or AFDC, the questions pursued in these interviews will be attempts to understand, confirm, or disprove the preliminary results presented in this report.

A detailed implementation analysis at the program level will describe in qualitative terms the difficulties and best practices of designing and setting up an IDA program. This study is based on reviews of program records and on interviews with IDA staff, participants, and funders. The operational and managerial issues faced by IDA programs affect the quality and longevity of the IDA services used by the poor. As part of the overall qualitative analysis, some attempt will be made, in conjunction with data and insights from other evaluation methods, to determine how different design elements (such as match rate, savings goals, and financial education) affect the effectiveness of IDAs.

A financial benefit-cost analysis will quantify cash flows to determine whether IDAs are good in purely financial terms from the points of view of various groups of stakeholders. This is important because each group of stakeholders (for example, participants, IDA staff, and federal and state governments) has its own roles and its own goals.

Finally, an experimental design survey with random assignment in one IDA program will reveal the extent to which IDAs increase saving and asset accumulation, as well as the impact of IDAs on a wide variety of social and economic outcomes. Abt Associates is conducting this survey. Impact will be measured as the differences in outcomes between a treatment group with access to IDAs and a control group without access. This social experiment is innovative in its focus on saving by the poor and its use of a survey instrument that has been crafted to measure "asset effects," that is, whether IDAs affect not only financial outcomes, but also participants' thinking and actions.

Appendix A
Results by Program

Participant Characteristics and Savings Patterns at Each IDA Program

In this appendix we summarize participant characteristics and savings patterns for each of the IDA programs separately. These are not intended so that one program should be compared against others. Such comparisons would not be very informative because each IDA program is dealing with a different population, with different program designs, and different program sizes and levels of resources. The patterns of individual characteristics and savings patterns are nonetheless informative in describing particular circumstances and patterns of saving at the different sites.

The 14 IDA Programs

ADVOCAP, Inc.

Participant Characteristics

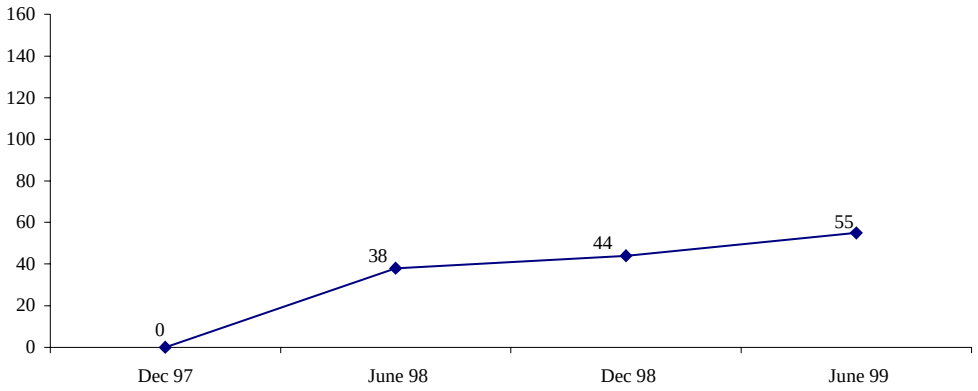
Gender	
Female	64%
Male	36%
Residence	
Urban	78%
Rural	22%
Race/Ethnicity	
Caucasian	76%
African American	2%
Latino or Hispanic	5%
Asian or Pacific Islander	13%
Native American	0%
Other	4%
Age	
Under 20	0%
20s	18%
30s	49%
40s	22%
50 and Over	11%
Marital Status	
Single,-Never Married	31%
Married	44%
Divorced	16%
Separated	7%
Widowed	2%
Household Type	
Single with Children	38%
Single without Children	18%
Married with Children	42%
Married without Children	2%
Education	
Did Not Complete High School	10%
High School Diploma or GED	22%
Attended College	33%
Graduated College	35%
Employment Status	
Employed Full-time	58%
Employed Part-time	28%
Unemployed Involuntarily	7%
Not Employed Voluntarily	7%

Children in Household	
No Children	20%
1 Child	27%
2 Children	18%
3 Children	11%
4 Children	13%
5 or more Children	11%
Adults in Household	
1	49%
2	42%
3	9%
4	0%
5 or more	0%
Income Poverty Level	
.50 and Below	6%
.51 to .75	19%
.76 to 1.00	23%
1.01 to 1.25	21%
1.26 to 1.50	17%
1.51 to 1.75	8%
1.76 to 2.00	2%
Above 2.00	4%
Total Monthly Household Income	
Below $500	4%
$500-$1,000	35%
$1,001 to $1,500	23%
$1,501 to $2,000	25%
Above $2,000	13%
Household Income by Source*	
Formal Employment	83%
Government Assistance	25%
Self Employment	18%
Child Support	24%
Other	0%
Family/Friends	2%
Pension or Retirement	0%
Investment	2%
Welfare Status	
Never Received TANF/AFDC	98%
Formerly Received TANF/AFDC	0%
Currently Receiving TANF	2%
Bank Use	
Banked	93%
Unbanked	7%

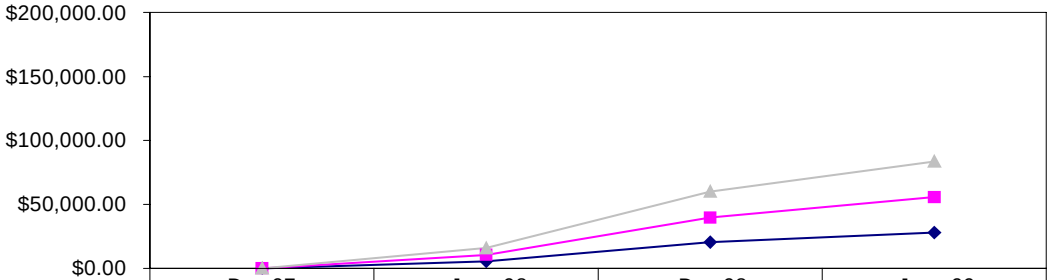
*Percentages do not sum to 100 because participants may have more than one source of income.

Savings Patterns: ADVOCAP

IDA Enrollment, Cumulative



IDA Savings, Cumulative*

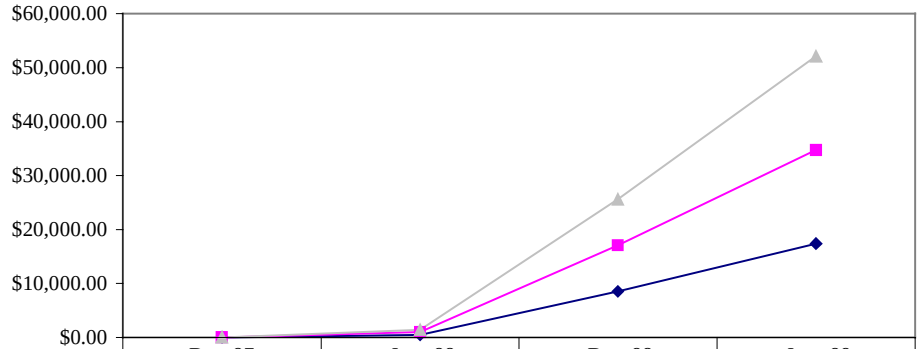


	Dec 97	June 98	Dec 98	June 99
Participant Savings	$0.00	$5,281.70	$20,412.60	$27,947.90
Matching Funds	$0.00	$10,564.40	$39,527.20	$55,641.70
Total IDA	$0.00	$15,846.10	$59,939.80	$83,589.60

*Includes matched withdrawals.

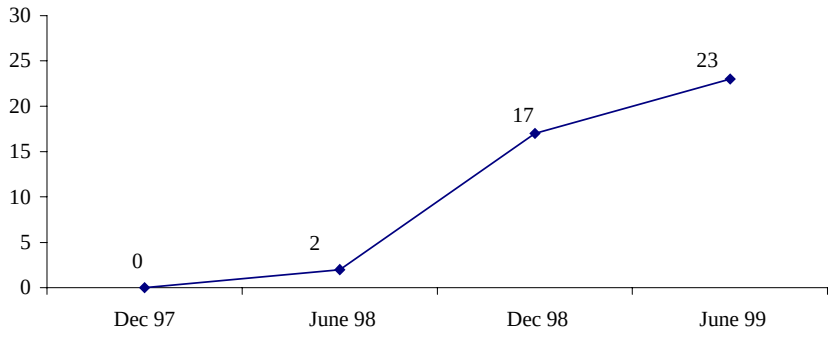
Savings Patterns: ADVOCAP

Match Withdrawals, Cumulative

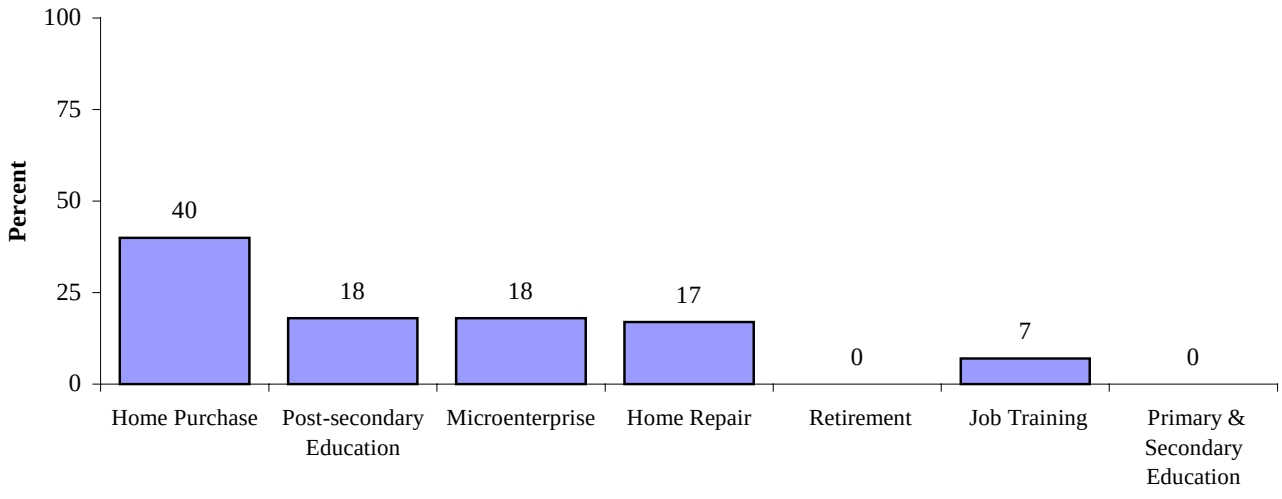


	Dec. 97	June 98	Dec. 98	June 99
Participant Withdrawals	$0.00	$474.70	$8,528.20	$17,366.00
Partner Match	$0.00	$949.30	$17,056.40	$34,732.00
Total Matched Withdrawals	$0.00	$1,424.00	$25,584.60	$52,098.00

Number of Participants Who Made Matched Withdrawals, Cumulative



Intended Use of IDA Account



Alternatives Federal Credit Union (AFCU)

Participant Characteristics

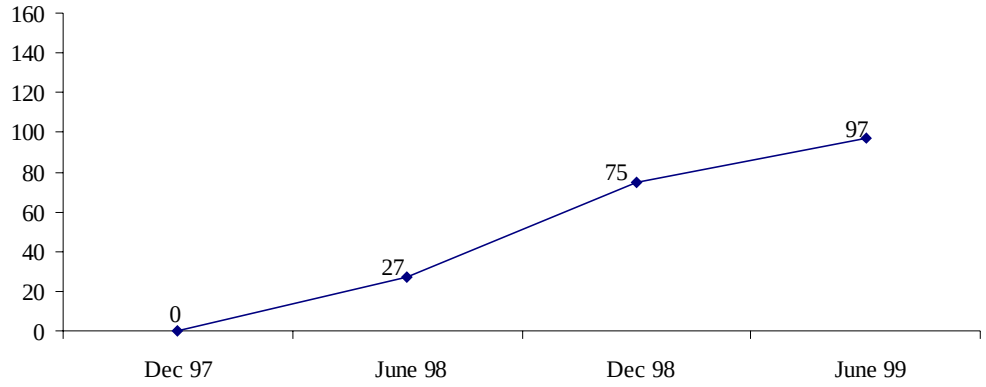
Gender	
Female	75%
Male	25%
Residence	
Urban	38%
Rural	62%
Race/Ethnicity	
Caucasian	73%
African American	17%
Latino or Hispanic	4%
Asian or Pacific Islander	1%
Native American	0%
Other	5%
Age	
Under 20	14%
20s	16%
30s	34%
40s	28%
50 and Over	8%
Marital Status	
Single,-Never Married	48%
Married	22%
Divorced	23%
Separated	6%
Widowed	1%
Household Type	
Single with Children	58%
Single without Children	20%
Married with Children	21%
Married without Children	1%
Education	
Did Not Complete High School	18%
High School Diploma or GED	13%
Attended College	41%
Graduated College	28%
Employment Status	
Employed Full-time	41%
Employed Part-time	27%
Unemployed Involuntarily	15%
Not Employed Voluntarily	17%

Children in Household	
No Children	21%
1 Child	26%
2 Children	20%
3 Children	20%
4 Children	11%
5 or more Children	2%
Adults in Household	
1	65%
2	33%
3	2%
4	0%
5 or more	0%
Income Poverty Level	
.50 and Below	13%
.51 to .75	16%
.76 to 1.00	19%
1.01 to 1.25	10%
1.26 to 1.50	25%
1.51 to 1.75	8%
1.76 to 2.00	5%
Above 2.00	3%
Total Monthly Household Income	
Below $500	12%
$500-$1,000	30%
$1,001 to $1,500	26%
$1,501 to $2,000	21%
Above $2,000	11%
Household Income by Source*	
Formal Employment	70%
Government Assistance	29%
Self Employment	16%
Child Support	30%
Other	22%
Family/Friends	3%
Pension or Retirement	3%
Investment	1%
Welfare Status	
Never Received TANF/AFCD	87%
Formerly Received TANF/AFCD	11%
Currently Receiving TANF	2%
Bank Use	
Banked	90%
Unbanked	10%

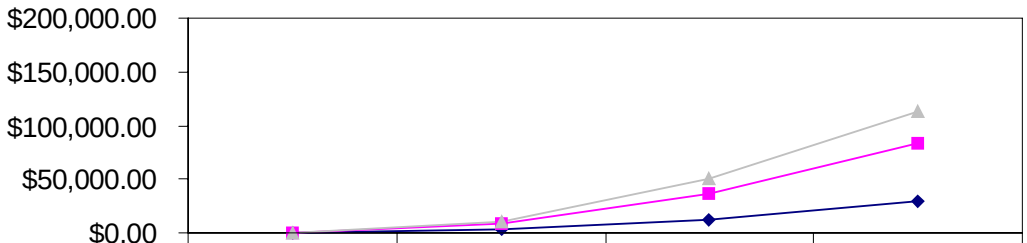
*Percentages do not sum to 100 because participants may have more than one source of income.

Savings Patterns: AFCU

IDA Enrollment, Cumulative



IDA Savings, Cumulative*

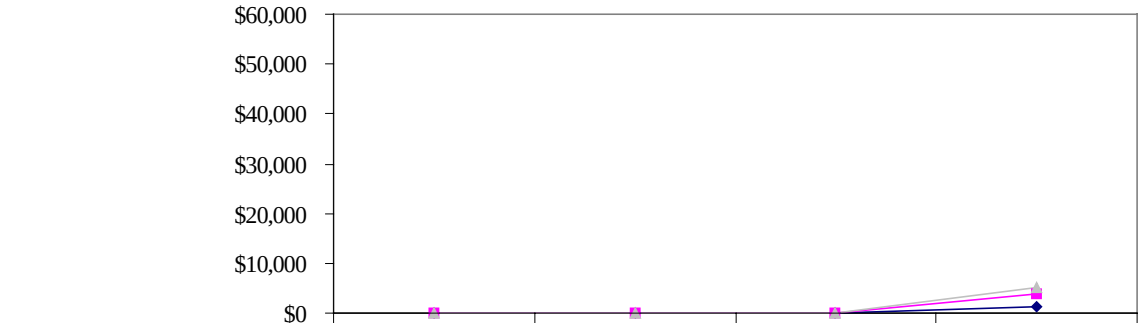


	Dec 97	June 98	Dec 98	June 99
Participant Savings	$0.00	$2,797.00	$12,476.60	$29,025.60
Matching Funds	$0.00	$8,315.10	$37,237.70	$84,125.40
Total IDA	$0.00	$11,112.10	$49,714.30	$113,151.00

*Includes Match withdrawals.

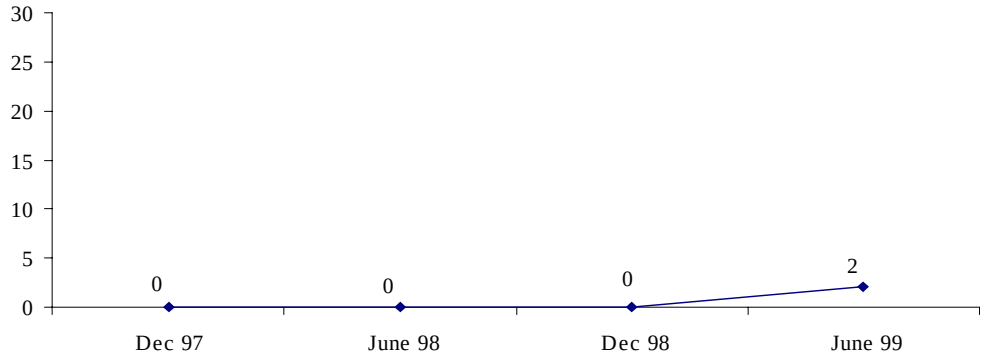
Savings Patterns: AFCU

Match Withdrawals, Cumulative

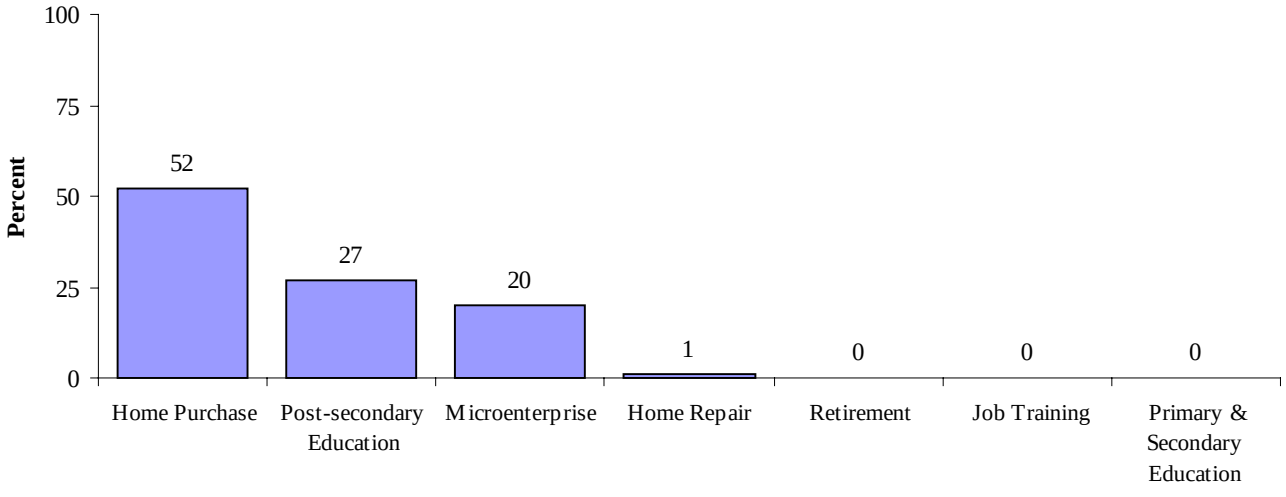


	Dec. 97	June 98	Dec. 98	June 99
Participant Withdrawals	$0	$0	$0	$1,268.20
Partner Match	$0	$0	$0	$3,804.40
Total Matched Withdrawals	$0	$0	$0	$5,072.60

Number of Participants Who Made Matched Withdrawals, Cumulative



Intended Use of IDA Account



Bay Area IDA Collaborative

Participant Characteristics

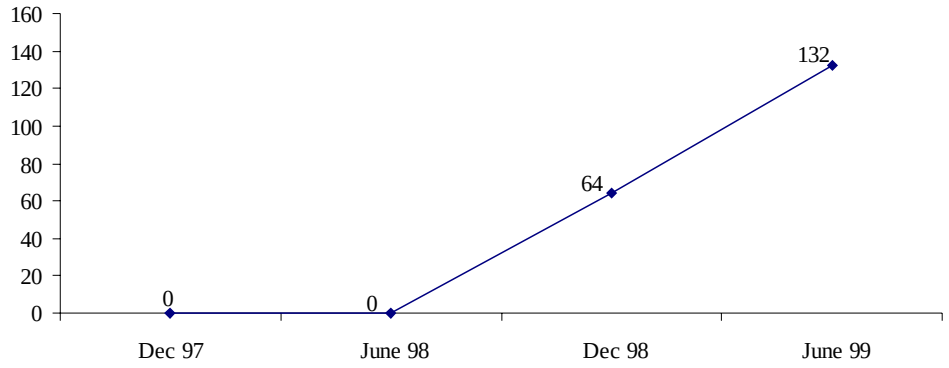
Gender	
Female	86%
Male	14%
Residence	
Urban	98%
Rural	2%
Race/Ethnicity	
Caucasian	20%
African American	40%
Latino or Hispanic	27%
Asian or Pacific Islander	5%
Native American	2%
Other	6%
Age	
Under 20	3%
20s	18%
30s	38%
40s	27%
50 and Over	14%
Marital Status	
Single,-Never Married	67%
Married	17%
Divorced	9%
Separated	6%
Widowed	1%
Household Type	
Single with Children	46%
Single without Children	37%
Married with Children	11%
Married without Children	6%
Education	
Did Not Complete High School	17%
High School Diploma or GED	15%
Attended College	48%
Graduated College	20%
Employment Status	
Employed Full-time	58%
Employed Part-time	21%
Unemployed Involuntarily	15%
Not Employed Voluntarily	6%

Children in Household	
No Children	43%
1 Child	23%
2 Children	19%
3 Children	7%
4 Children	5%
5 or more Children	3%
Adults in Household	
1	56%
2	30%
3	9%
4	4%
5 or more	1%
Income Poverty Level	
.50 and Below	9%
.51 to .75	15%
.76 to 1.00	9%
1.01 to 1.25	13%
1.26 to 1.50	11%
1.51 to 1.75	13%
1.76 to 2.00	7%
Above 2.00	23%
Total Monthly Household Income	
Below $500	9%
$500-$1,000	24%
$1,001 to $1,500	29%
$1,501 to $2,000	18%
Above $2,000	20%
Household Income by Source*	
Formal Employment	66%
Government Assistance	15%
Self Employment	21%
Child Support	8%
Other	13%
Family/Friends	2%
Pension or Retirement	2%
Investment	1%
Welfare Status	
Never Received TANF/AFDC	84%
Formerly Received TANF/AFDC	5%
Currently Receiving TANF	11%
Bank Use	
Banked	86%
Unbanked	14%

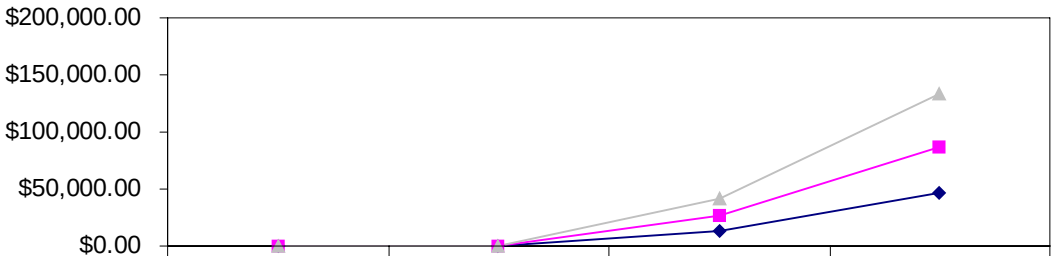
*Percentages do not sum to 100 because participants may have more than one source of income.

Savings Patterns: Bay Area

IDA Enrollment, Cumulative



IDA Savings, Cumulative*

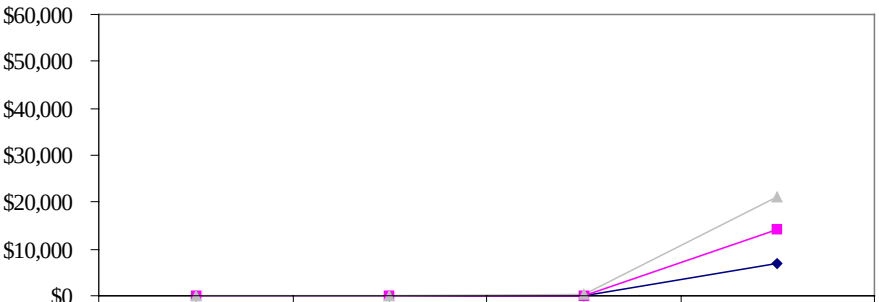


	Dec 97	June 98	Dec 98	June 99
Participant Savings	$0.00	$0.00	$13,996.60	$45,856.40
Matching Funds	$0.00	$0.00	$27,293.40	$86,708.30
Total IDA	$0.00	$0.00	$41,290.00	$132,564.70

*Includes matched withdrawals.

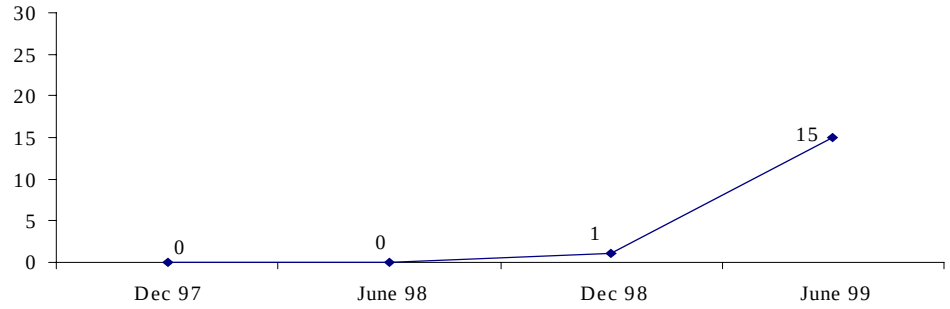
Savings Patterns: Bay Area

Match Withdrawals, Cumulative

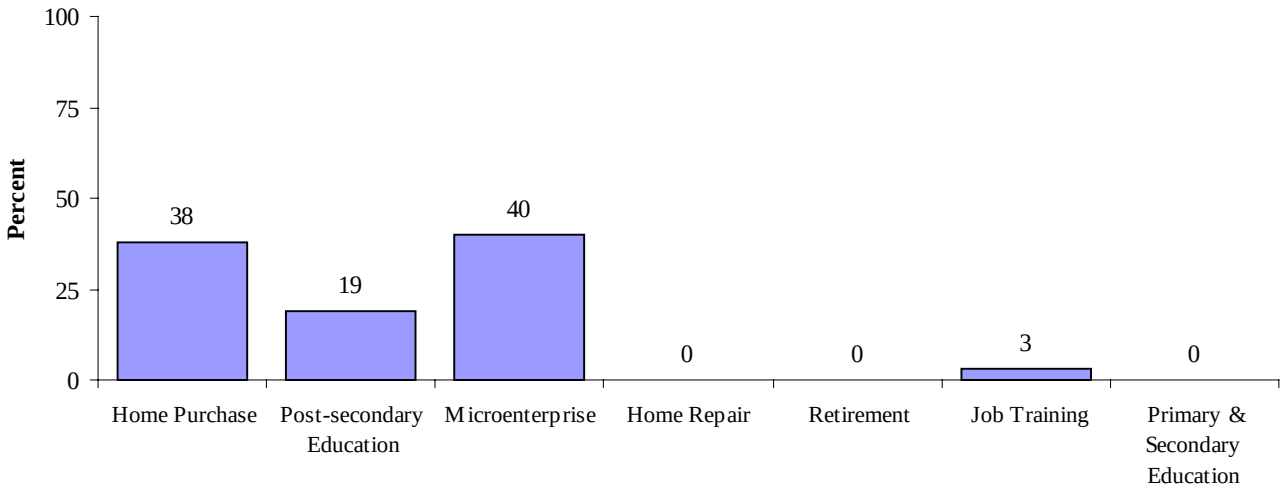


	Dec. 97	June 98	Dec. 98	June 99
Participant Withdrawals	$0	$0	$65.10	$7,059.50
Partner Match	$0	$0	$130.20	$14,089.10
Total Matched Withdrawals	$0	$0	$195.30	$21,148.60

Number of Participants Who Made Matched Withdrawals, Cumulative



Intended Use of IDA Account



Capital Area Asset Building Corporation (CAAB)

Participants Characteristics

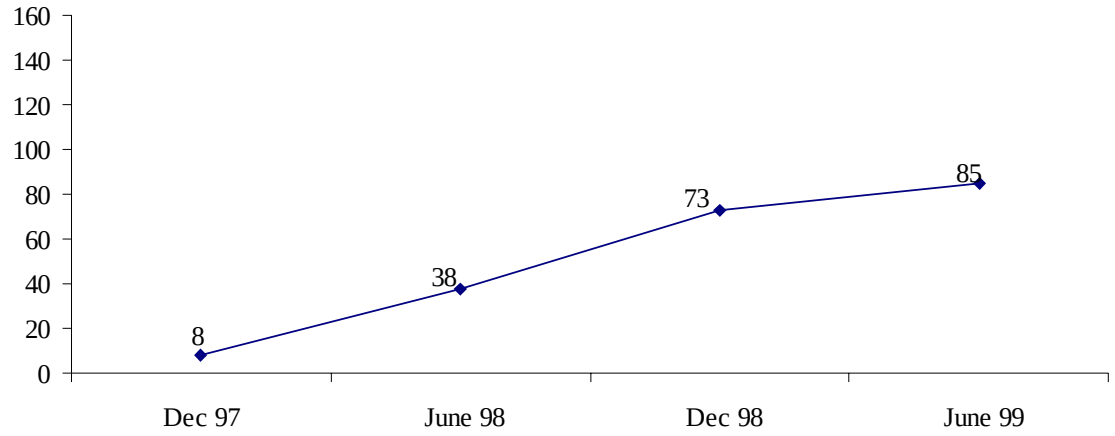
Gender	
Female	78%
Male	22%
Residence	
Urban	100%
Rural	0%
Race/Ethnicity	
Caucasian	5%
African American	83%
Latino or Hispanic	9%
Asian or Pacific Islander	2%
Native American	0%
Other	1%
Age	
Under 20	7%
20s	27%
30s	33%
40s	27%
50 and Over	6%
Marital Status	
Single,-Never Married	67%
Married	15%
Divorced	13%
Separated	5%
Widowed	0%
Household Type	
Single with Children	64%
Single without Children	21%
Married with Children	12%
Married without Children	3%
Education	
Did Not Complete High School	13%
High School Diploma or GED	39%
Attended College	34%
Graduated College	14%
Employment Status	
Employed Full-time	68%
Employed Part-time	21%
Unemployed Involuntarily	10%
Not Employed Voluntarily	1%

Children in Household	
No Children	25%
1 Child	31%
2 Children	22%
3 Children	12%
4 Children	3%
5 or more Children	7%
Adults in Household	
1	67%
2	32%
3	1%
4	0%
5 or more	0%
Income Poverty Level	
.50 and Below	9%
.51 to .75	8%
.76 to 1.00	21%
1.01 to 1.25	12%
1.26 to 1.50	8%
1.51 to 1.75	17%
1.76 to 2.00	8%
Above 2.00	17%
Total Monthly Household Income	
Below $500	7%
$500-$1,000	22%
$1,001 to $1,500	26%
$1,501 to $2,000	21%
Above $2,000	24%
Household Income by Source*	
Formal Employment	95%
Government Assistance	8%
Self Employment	1%
Child Support	2%
Other	2%
Family/Friends	1%
Pension or Retirement	0%
Investment	0%
Welfare Status	
Never Received TANF/AFDC	94%
Formerly Received TANF/AFDC	1%
Currently Receiving TANF	5%
Bank Use	
Banked	74%
Unbanked	26%

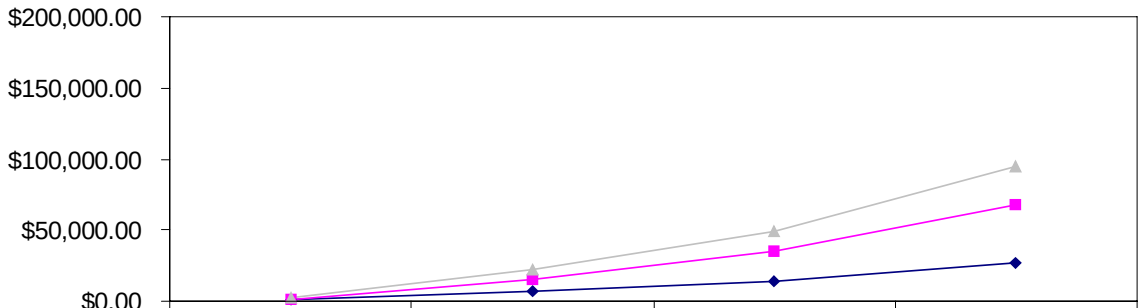
*Percentages do not sum to 100 because participants may have more than one source of income.

Savings Patterns: CAAB

IDA Enrollment, Cumulative



IDA Savings, Cumulative*



	Dec 97	June 98	Dec 98	June 99
Participant Savings	$1,554.90	$6,986.50	$14,440.90	$26,490.60
Matching Funds	$1,363.10	$14,789.90	$34,908.60	$67,787.60
Total IDA	$2,918.00	$21,776.40	$49,349.50	$94,278.20

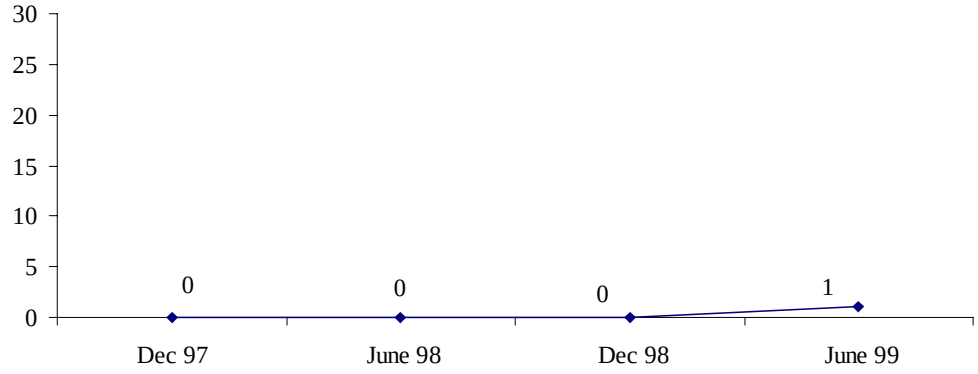
*Includes matched withdrawals.

Savings Patterns: CAAB

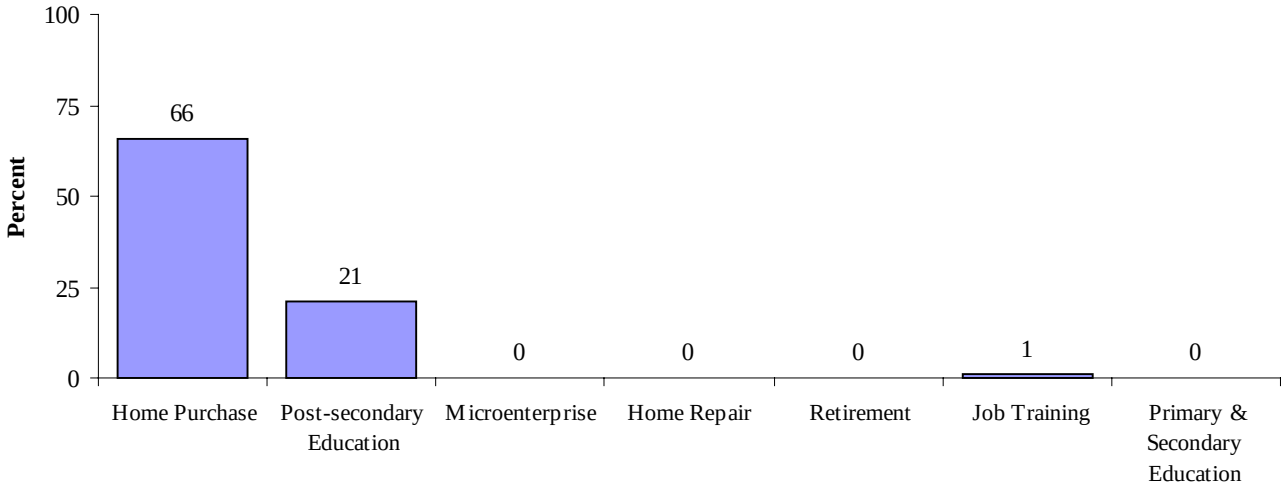
Match Withdrawals, Cumulative

	Dec. 97	June 98	Dec. 98	June 99
Participant Withdrawals	$0.00	$0.00	$0.00	$1,745.00
Partner Match	$0.00	$0.00	$0.00	$3,490.00
Total Matched Withdrawals	$0.00	$0.00	$0.00	$5,235.00

Number of Participants Who Made Matched Withdrawals, Cumulative



Intended Use of IDA Account



Central Texas Mutual Housing Association (CTMHA)

Participant Characteristics

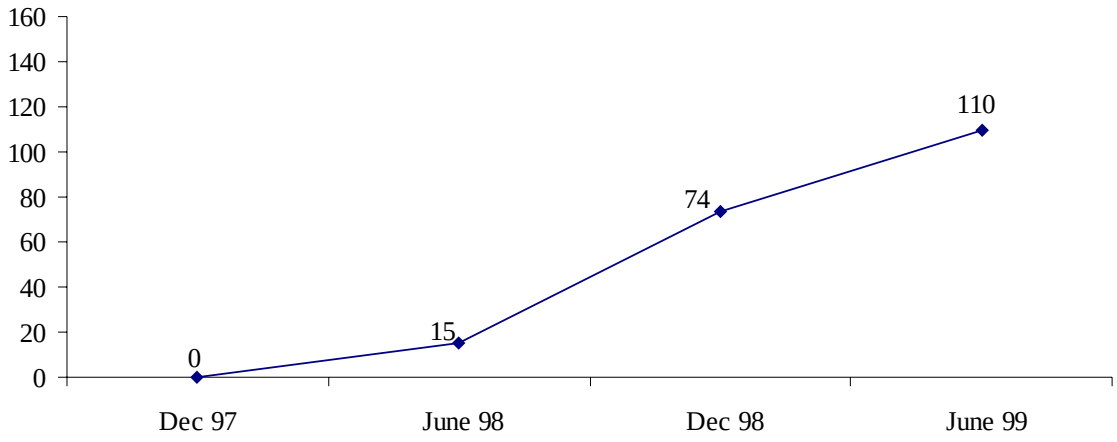
Gender	
Female	66%
Male	34%
Residence	
Urban	100%
Rural	0%
Race/Ethnicity	
Caucasian	26%
African American	18%
Latino or Hispanic	54%
Asian or Pacific Islander	1%
Native American	0%
Other	1%
Age	
Under 20	4%
20s	35%
30s	42%
40s	10%
50 and Over	9%
Marital Status	
Single,-Never Married	36%
Married	36%
Divorced	19%
Separated	8%
Widowed	1%
Household Type	
Single with Children	44%
Single without Children	21%
Married with Children	28%
Married without Children	7%
Education	
Did Not Complete High School	24%
High School Diploma or GED	28%
Attended College	31%
Graduated College	17%
Employment Status	
Employed Full-time	67%
Employed Part-time	23%
Unemployed Involuntarily	5%
Not Employed Voluntarily	5%

Children in Household	
No Children	28%
1 Child	27%
2 Children	32%
3 Children	8%
4 Children	5%
5 or more Children	0%
Adults in Household	
1	58%
2	37%
3	3%
4	2%
5 or more	0%
Income Poverty Level	
.50 and Below	1%
.51 to .75	3%
.76 to 1.00	17%
1.01 to 1.25	18%
1.26 to 1.50	17%
1.51 to 1.75	18%
1.76 to 2.00	16%
Above 2.00	10%
Total Monthly Household Income	
Below $500	0%
$500-$1,000	16%
$1,001 to $1,500	33%
$1,501 to $2,000	30%
Above $2,000	21%
Household Income by Source*	
Formal Employment	96%
Government Assistance	14%
Self Employment	3%
Child Support	11%
Other	0%
Family/Friends	0%
Pension or Retirement	2%
Investment	0%
Welfare Status	
Never Received TANF/AFDC	100%
Formerly Received TANF/AFDC	0%
Currently Receiving TANF	0%
Bank Use	
Banked	70%
Unbanked	30%

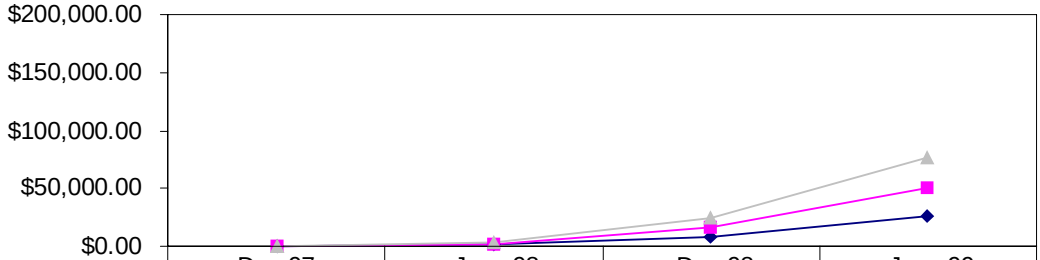
*Percentages do not sum to 100 because participants may have more than one source of income.

Savings Patterns: CTMH

IDA Enrollment, Cumulative



IDA Savings, Cumulative*

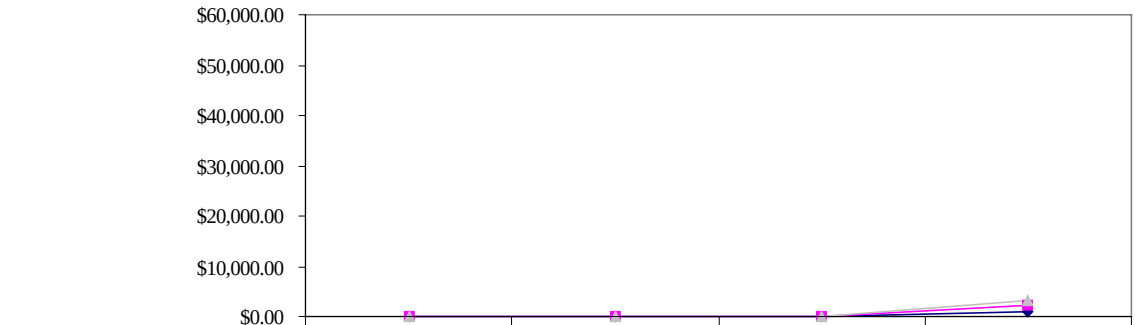


	Dec 97	June 98	Dec 98	June 99
Participant Savings	$0.00	$982.40	$8,380.90	$25,887.20
Matching Funds	$0.00	$1,904.70	$16,761.70	$50,948.70
Total IDA	$0.00	$2,887.10	$25,142.60	$76,835.90

*Includes matched withdrawals.

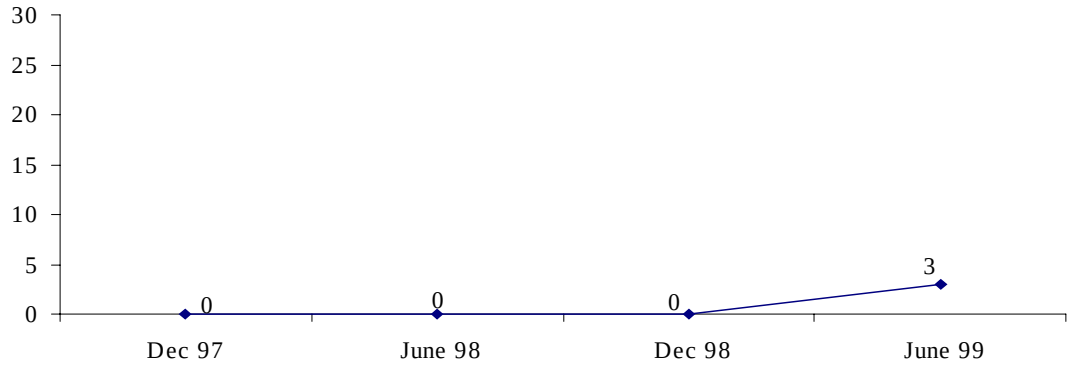
Savings Patterns: CTMH

Match Withdrawals, Cumulative

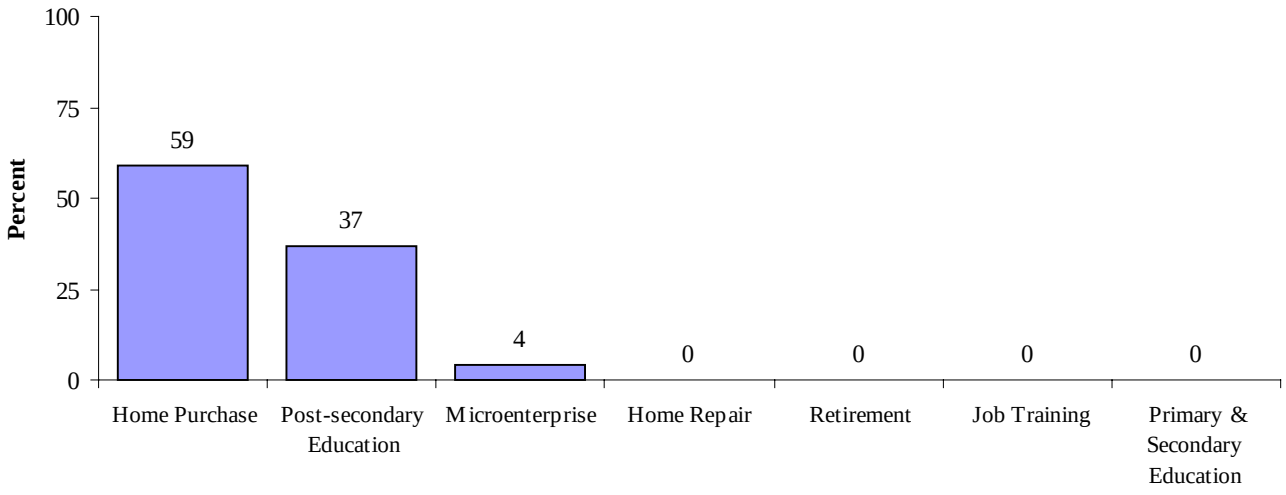


	Dec. 97	June 98	Dec. 98	June 99
Participant Withdrawals	$0.00	$0.00	$0.00	$1,074.00
Partner Match	$0.00	$0.00	$0.00	$2,148.00
Total Matched Withdrawals	$0.00	$0.00	$0.00	$3,222.00

Number of Participants Who Made Matched Withdrawals, Cumulative



Intended Use of IDA Account



Central Vermont Community Action Council, Inc. (CVCAC)

Participant Characteristics

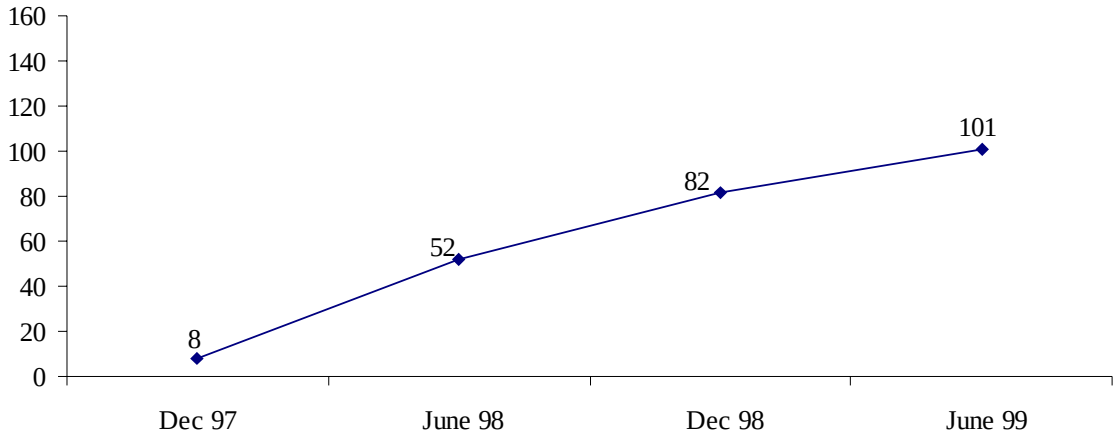
Gender	
Female	78%
Male	22%
Residence	
Urban	21%
Rural	79%
Race/Ethnicity	
Caucasian	86%
African American	3%
Latino or Hispanic	0%
Asian or Pacific Islander	0%
Native American	8%
Other	3%
Age	
Under 20	3%
20s	18%
30s	43%
40s	30%
50 and Over	6%
Marital Status	
Single,-Never Married	43%
Married	23%
Divorced	23%
Separated	9%
Widowed	2%
Household Type	
Single with Children	56%
Single without Children	21%
Married with Children	18%
Married without Children	5%
Education	
Did Not Complete High School	8%
High School Diploma or GED	17%
Attended College	33%
Graduated College	42%
Employment Status	
Employed Full-time	38%
Employed Part-time	54%
Unemployed Involuntarily	8%
Not Employed Voluntarily	0%

Children in Household	
No Children	26%
1 Child	31%
2 Children	26%
3 Children	10%
4 Children	5%
5 or more Children	2%
Adults in Household	
1	56%
2	43%
3	1%
4	0%
5 or more	0%
Income Poverty Level	
.50 and Below	17%
..51 to .75	21%
.76 to 1.00	25%
1.01 to 1.25	22%
1.26 to 1.50	8%
1.51 to 1.75	5%
1.76 to 2.00	2%
Above 2.00	0%
Total Monthly Household Income	
Below $500	18%
$500-$1,000	38%
$1,001 to $1,500	35%
$1,501 to $2,000	6%
Above $2,000	3%
Household Income by Source*	
Formal Employment	74%
Government Assistance	52%
Self Employment	30%
Child Support	23%
Other	5%
Family/Friends	9%
Pension or Retirement	1%
Investment	1%
Welfare Status	
Never Received TANF/AFDC	90%
Formerly Received TANF/AFDC	2%
Currently Receiving TANF	8%
Bank Use	
Banked	88%
Unbanked	12%

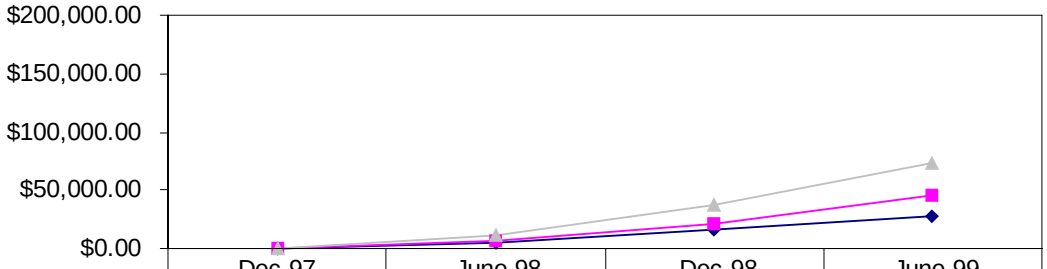
*Percentages do not sum to 100 because participants may have more than one source of income.

Savings Patterns: CVCAC

IDA Enrollment, Cumulative



IDA Savings, Cumulative*

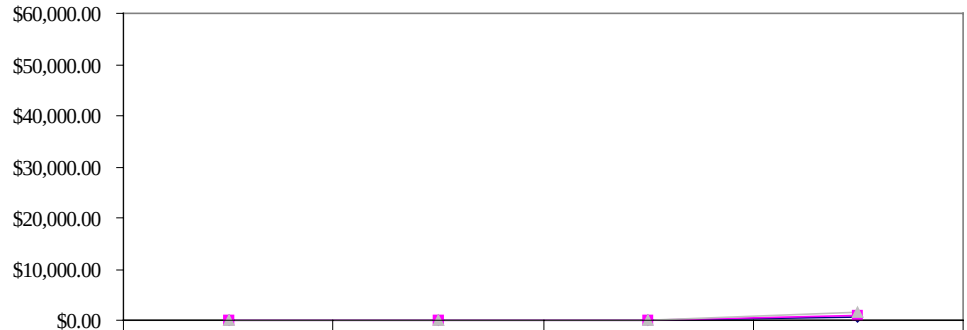


	Dec 97	June 98	Dec 98	June 99
Participant Savings	$95.10	$4,511.10	$15,515.10	$27,207.20
Matching Funds	$165.30	$6,174.80	$21,385.70	$46,299.10
Total IDA	$260.40	$10,685.80	$36,900.80	$73,506.30

*Includes matched withdrawals.

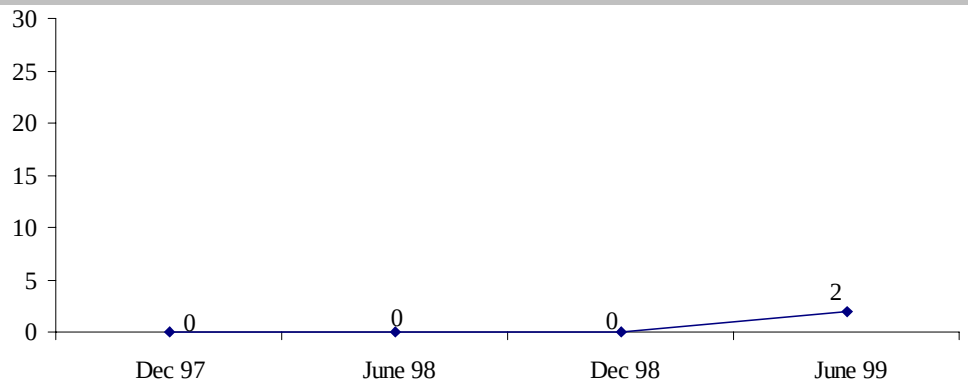
Savings Patterns: CVCAC

Match Withdrawals, Cumulative

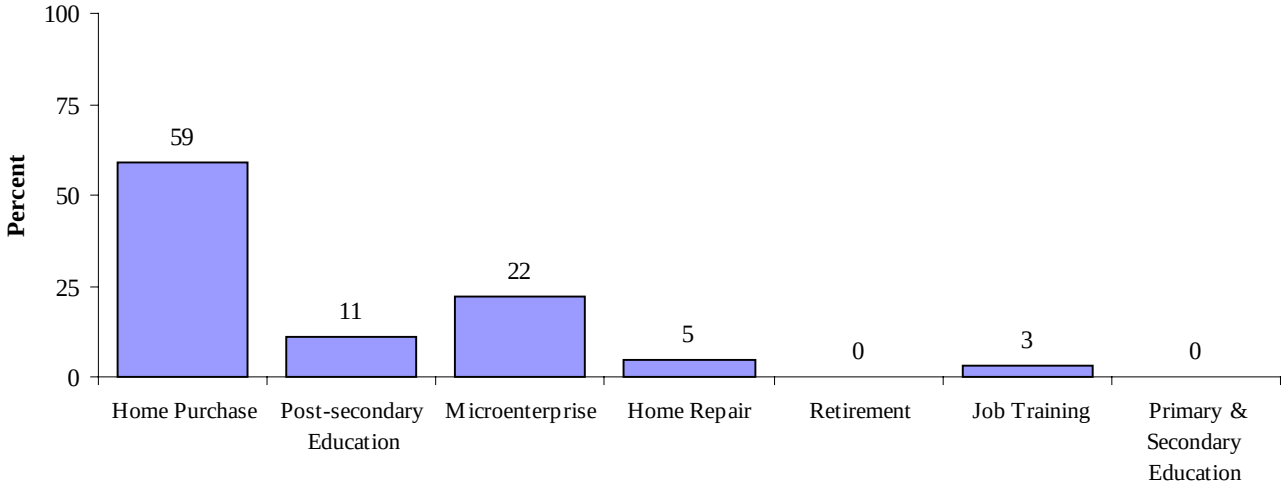


	Dec. 97	June 98	Dec. 98	June 99
Participant Withdrawals	$0.00	$0.00	$0.00	$733.10
Partner Match	$0.00	$0.00	$0.00	$935.00
Total Matched Withdrawals	$0.00	$0.00	$0.00	$1,668.10

Number of Participants Who Made Matched Withdrawals, Cumulative



Intended Use of IDA Account



Community Action Project of Tulsa County (CAPTC) Program 1

Participants Characteristics

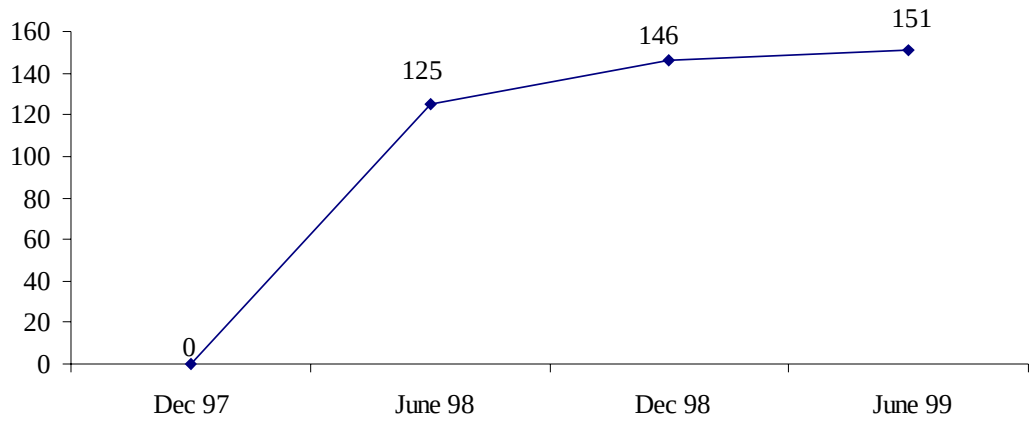
Gender	
Female	74%
Male	26%
Residence	
Urban	98%
Rural	2%
Race/Ethnicity	
Caucasian	49%
African American	43%
Latino or Hispanic	1%
Asian or Pacific Islander	1%
Native American	5%
Other	1%
Age	
Under 20	0%
20s	23%
30s	35%
40s	32%
50 and Over	10%
Marital Status	
Single,-Never Married	32%
Married	34%
Divorced	26%
Separated	6%
Widowed	2%
Household Type	
Single with Children	54%
Single without Children	13%
Married with Children	31%
Married without Children	3%
Education	
Did Not Complete High School	8%
High School Diploma or GED	28%
Attended College	47%
Graduated College	17%
Employment Status	
Employed Full-time	83%
Employed Part-time	14%
Unemployed Involuntarily	3%
Not Employed Voluntarily	0%

Children in Household	
No Children	15%
1 Child	25%
2 Children	26%
3 Children	19%
4 Children	8%
5 or more Children	7%
Adults in Household	
1	60%
2	37%
3	3%
4	0%
5 or more	0%
Income Poverty Level	
.50 and Below	3%
.51 to .75	11%
.76 to 1.00	19%
1.01 to 1.25	15%
1.26 to 1.50	24%
1.51 to 1.75	12%
1.76 to 2.00	7%
Above 2.00	9%
Total Monthly Household Income	
Below $500	3%
$500-$1,000	18%
$1,001 to $1,500	32%
$1,501 to $2,000	28%
Above $2,000	19%
Household Income by Source*	
Formal Employment	89%
Government Assistance	23%
Self Employment	13%
Child Support	17%
Other	4%
Family/Friends	3%
Pension or Retirement	1%
Investment	3%
Welfare Status	
Never Received TANF/AFDC	78%
Formerly Received TANF/AFDC	20%
Currently Receiving TANF	2%
Bank Use	
Banked	91%
Unbanked	9%

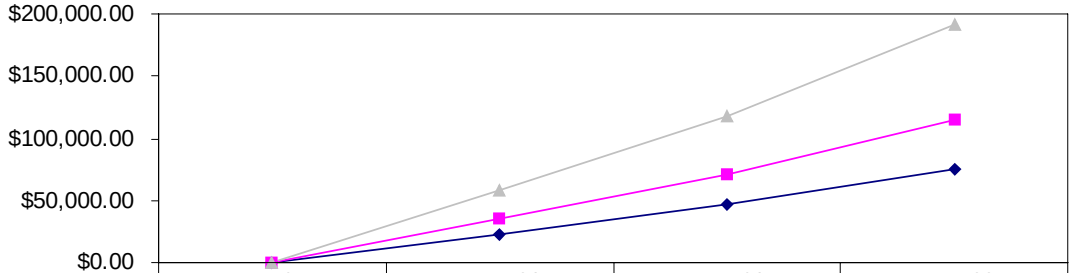
*Percentages do not sum to 100 because participants may have more than one source of income.

Savings Patterns: CAPTC Program 1

IDA Enrollment, Cumulative



IDA Savings, Cumulative*

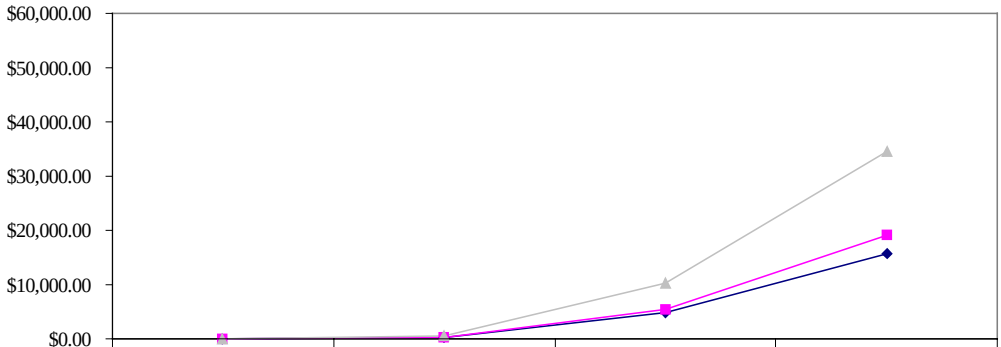


	Dec 97	June 98	Dec 98	June 99
Participant Savings	$0.00	$23,212.90	$47,345.40	$75,836.40
Matching Funds	$0.00	$35,299.50	$70,596.60	$115,299.00
Total IDA	$0.00	$58,512.40	$117,942.00	$191,135.40

*Includes matched withdrawals.

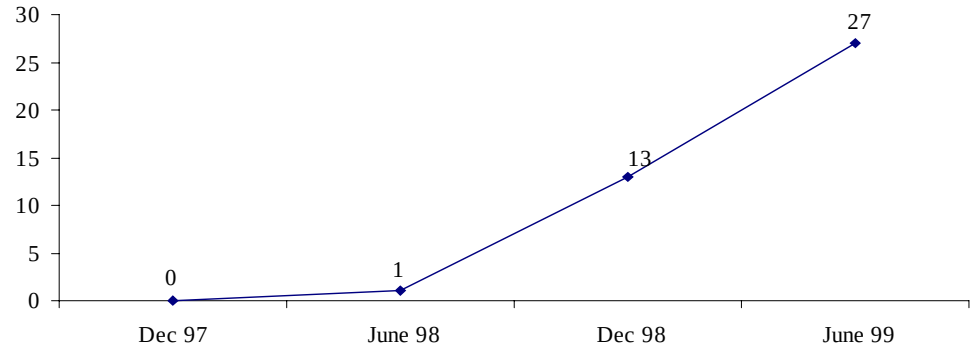
Savings Patterns: CAPTC Program 1

Match Withdrawals, Cumulative

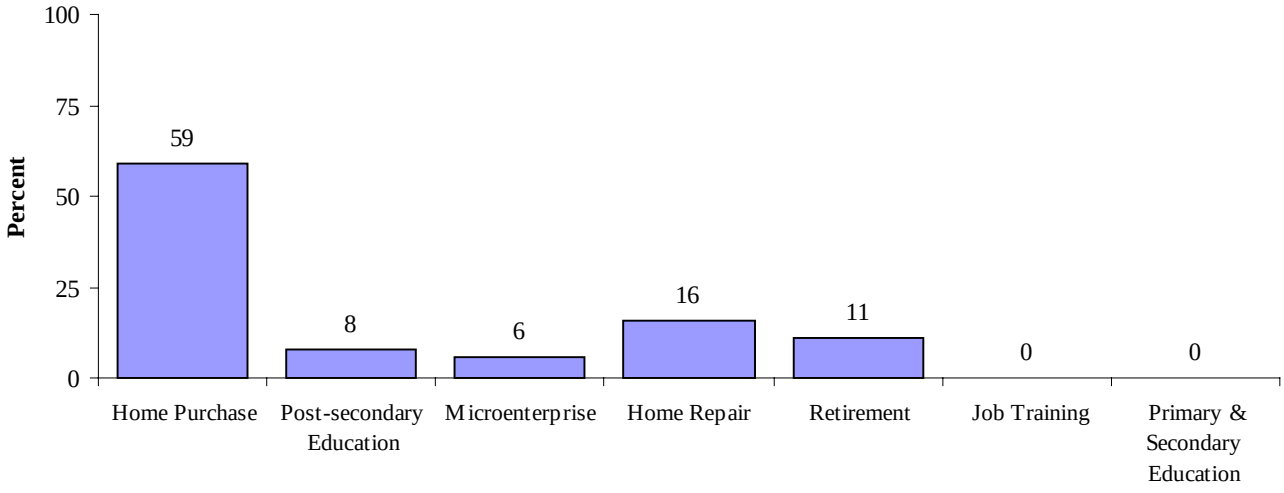


	Dec. 97	June 98	Dec. 98	June 99
Participant Withdrawals	$0.00	$240.00	$4,782.10	$15,576.70
Partner Match	$0.00	$240.00	$5,462.10	$19,134.60
Total Matched Withdrawals	$0.00	$480.00	$10,244.20	$34,711.30

Number of Participants Who Made Matched Withdrawals, Cumulative



Intended Use of IDA Account



Community Action Project of Tulsa County (CAPTC) Program 2

Participants Characteristics

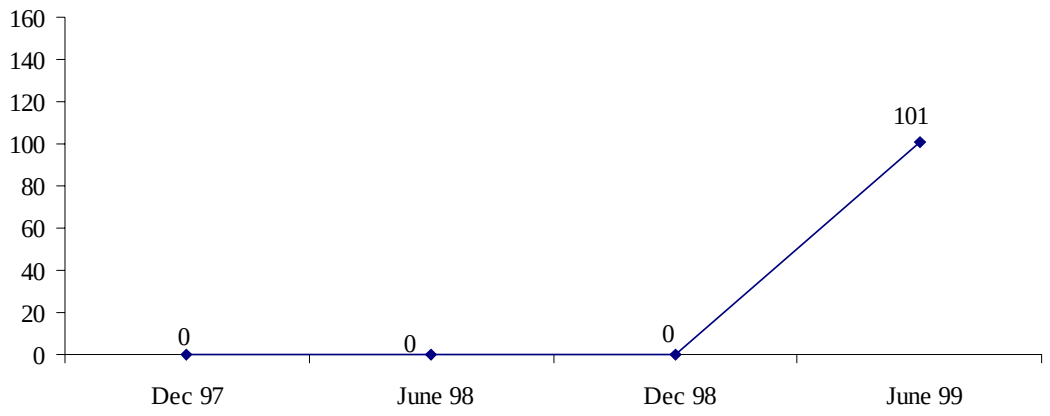
Gender	
Female	79%
Male	21%
Residence	
Urban	93%
Rural	7%
Race/Ethnicity	
Caucasian	60%
African American	33%
Latino or Hispanic	3%
Asian or Pacific Islander	3%
Native American	1%
Other	0%
Age	
Under 20	1%
20s	22%
30s	34%
40s	29%
50 and Over	14%
Marital Status	
Single,-Never Married	24%
Married	31%
Divorced	41%
Separated	0%
Widowed	4%
Household Type	
Single with Children	50%
Single without Children	19%
Married with Children	28%
Married without Children	3%
Education	
Did Not Complete High School	10%
High School Diploma or GED	35%
Attended College	32%
Graduated College	23%
Employment Status	
Employed Full-time	85%
Employed Part-time	14%
Unemployed Involuntarily	1%
Not Employed Voluntarily	0%

Children in Household	
No Children	22%
1 Child	19%
2 Children	34%
3 Children	18%
4 Children	4%
5 or more Children	3%
Adults in Household	
1	70%
2	27%
3	3%
4	0%
5 or more	0%
Income Poverty Level	
.50 and Below	6%
.51 to .75	10%
.76 to 1.00	20%
1.01 to 1.25	22%
1.26 to 1.50	20%
1.51 to 1.75	9%
1.76 to 2.00	6%
Above 2.00	7%
Total Monthly Household Income	
Below $500	7%
$500-$1,000	26%
$1,001 to $1,500	30%
$1,501 to $2,000	24%
Above $2,000	13%
Household Income by Source*	
Formal Employment	85%
Government Assistance	28%
Self Employment	20%
Child Support	19%
Other	14%
Family/Friends	15%
Pension or Retirement	1%
Investment	2%
Welfare Status	
Never Received TANF/AFDC	94%
Formerly Received TANF/AFDC	3%
Currently Receiving TANF	3%
Bank Use	
Banked	80%
Unbanked	20%

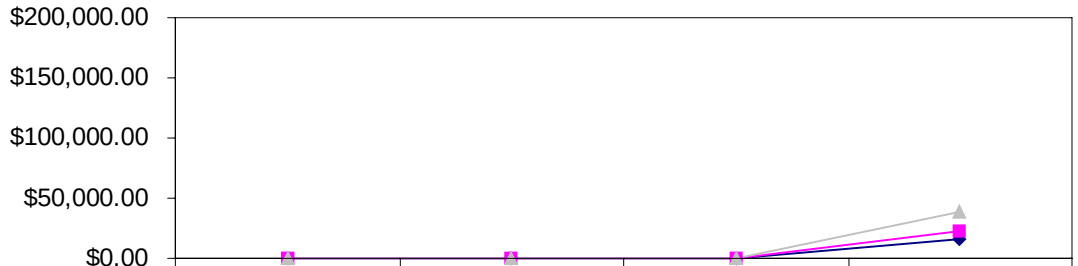
*Percentages do not sum to 100 because participants may have more than one source of income.

Savings Patterns: CAPTC Program 2

IDA Enrollment, Cumulative



IDA Savings, Cumulative*

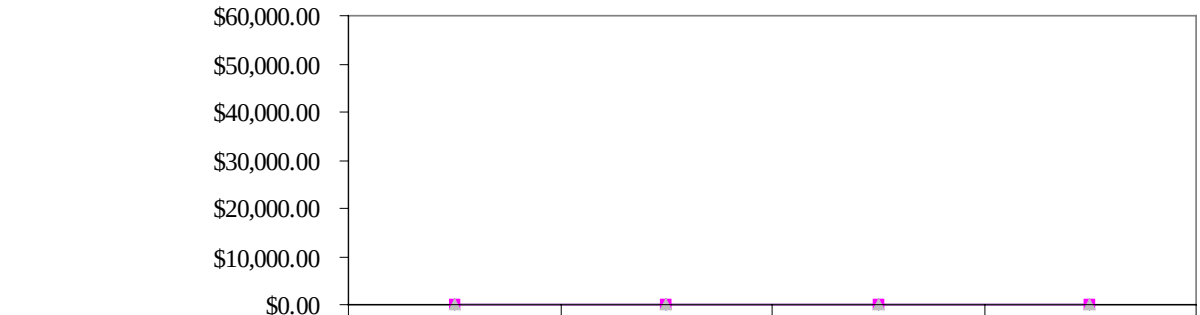


	Dec 97	June 98	Dec 98	June 99
Participant Savings	$0.00	$0.00	$0.00	$16,104.30
Matching Funds	$0.00	$0.00	$0.00	$22,745.60
Total IDA	$0.00	$0.00	$0.00	$38,850.00

*Includes matched withdrawals.

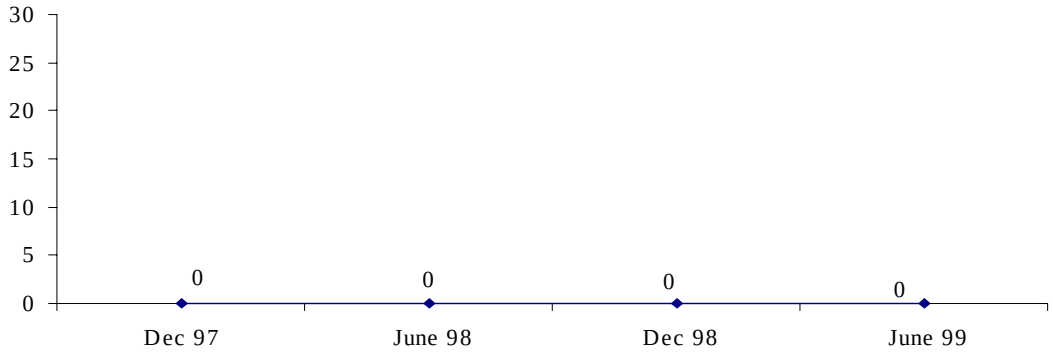
Savings Patterns: CAPTC Program 2

Match Withdrawals, Cumulative

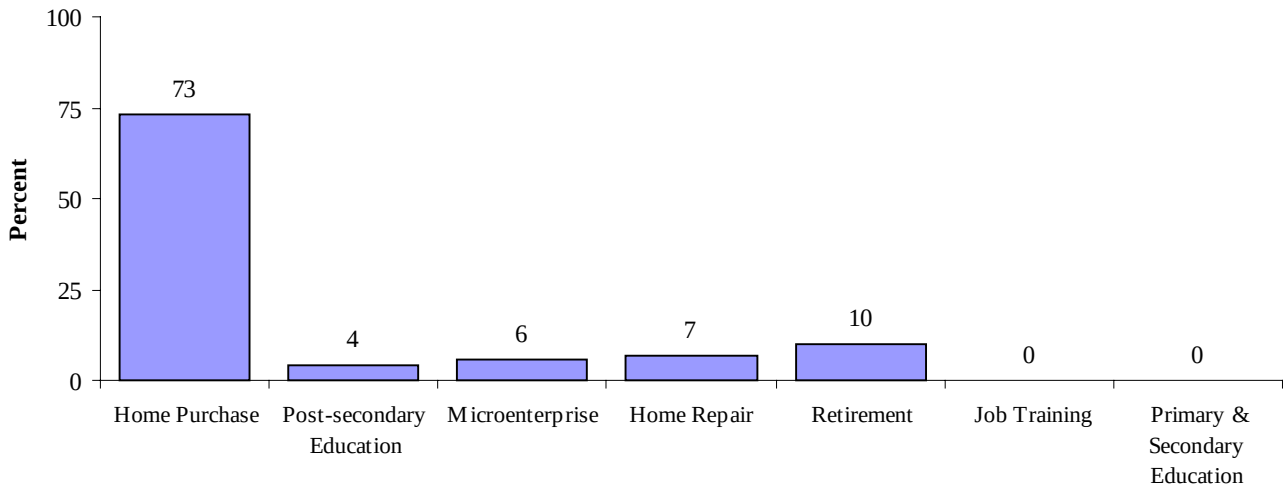


	Dec. 97	June 98	Dec. 98	June 99
Participant Withdrawals	$0.00	$0.00	$0.00	$0.00
Partner Match	$0.00	$0.00	$0.00	$0.00
Total Matched Withdrawals	$0.00	$0.00	$0.00	$0.00

Number of Participants Who Made Matched Withdrawals, Cumulative



Intended Use of IDA Account



Heart of America Family Services (HAFS)

Participant Characteristics

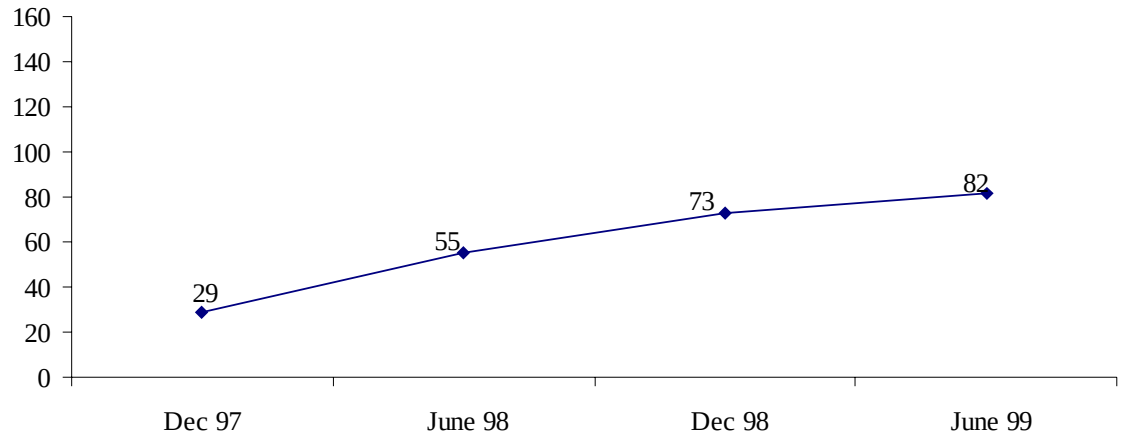
Gender	
Female	84%
Male	16%
Residence	
Urban	100%
Rural	0%
Race/Ethnicity	
Caucasian	15%
African American	38%
Latino or Hispanic	41%
Asian or Pacific Islander	1%
Native American	1%
Other	4%
Age	
Under 20	0%
20s	19%
30s	49%
40s	22%
50 and Over	10%
Marital Status	
Single,-Never Married	28%
Married	31%
Divorced	23%
Separated	13%
Widowed	5%
Household Type	
Single with Children	49%
Single without Children	21%
Married with Children	28%
Married without Children	2%
Education	
Did Not Complete High School	11%
High School Diploma or GED	30%
Attended College	37%
Graduated College	22%
Employment Status	
Employed Full-time	52%
Employed Part-time	21%
Unemployed Involuntarily	16%
Not Employed Voluntarily	11%

Children in Household	
No Children	23%
1 Child	26%
2 Children	24%
3 Children	11%
4 Children	10%
5 or more Children	6%
Adults in Household	
1	48%
2	43%
3	6%
4	1%
5 or more	2%
Income Poverty Level	
.50 and Below	14%
.51 to .75	19%
.76 to 1.00	16%
1.01 to 1.25	12%
1.26 to 1.50	12%
1.51 to 1.75	10%
1.76 to 2.00	7%
Above 2.00	10%
Total Monthly Household Income	
Below $500	14%
$500-$1,000	25%
$1,001 to $1,500	25%
$1,501 to $2,000	18%
Above $2,000	18%
Household Income by Source*	
Formal Employment	78%
Government Assistance	31%
Self Employment	11%
Child Support	9%
Other	9%
Family/Friends	1%
Pension or Retirement	4%
Investment	1%
Welfare Status	
Never Received TANF/AFCD	79%
Formerly Received TANF/AFCD	18%
Currently Receiving TANF	3%
Bank Use	
Banked	83%
Unbanked	17%

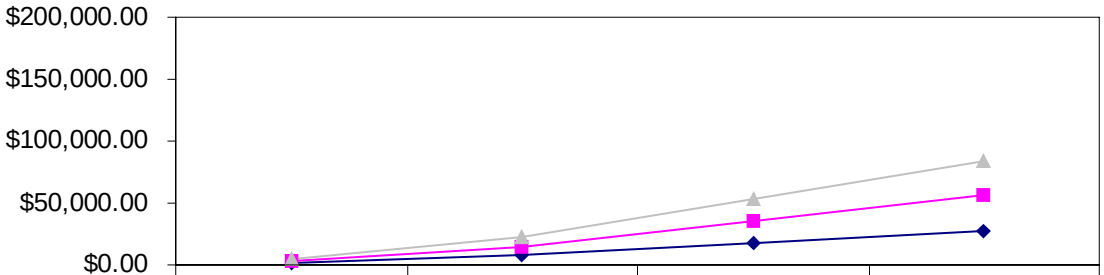
*Percentages do not sum to 100 because participants may have more than one source of income.

Savings Patterns: HAFS

IDA Enrollment, Cumulative



IDA Savings, Cumulative*

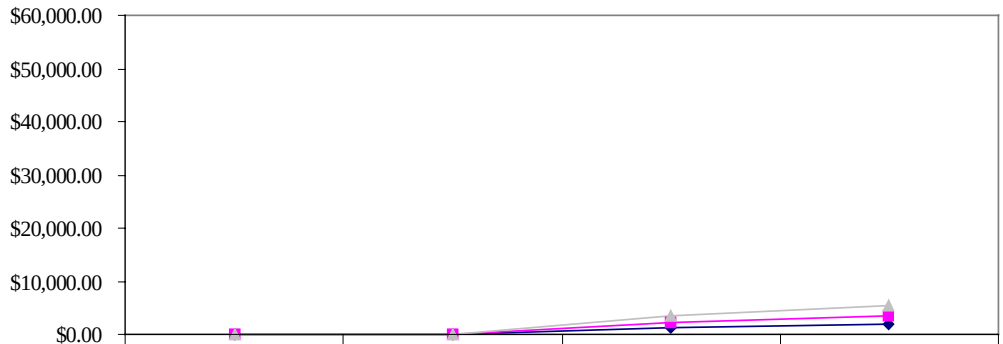


	Dec 97	June 98	Dec 98	June 99
Participant Savings	$1,450.00	$7,485.90	$17,980.50	$27,980.40
Matching Funds	$2,600.00	$14,771.80	$35,698.30	$55,681.90
Total IDA	$4,050.00	$22,257.70	$53,678.80	$83,662.30

*Includes matched withdrawals.

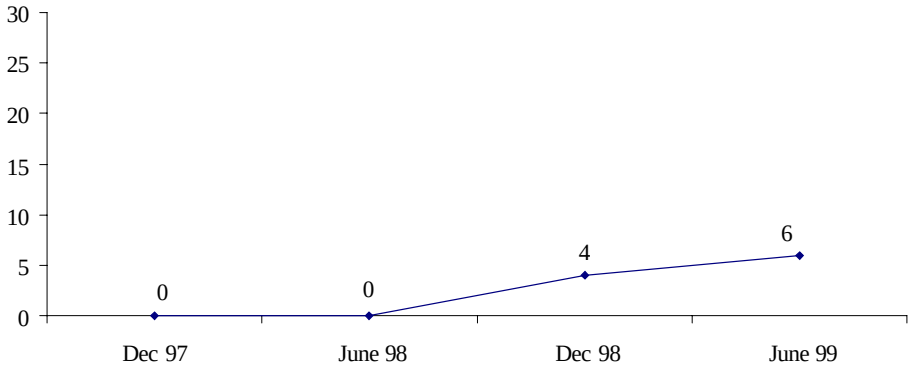
Savings Patterns: HAFS

Match Withdrawals, Cumulative

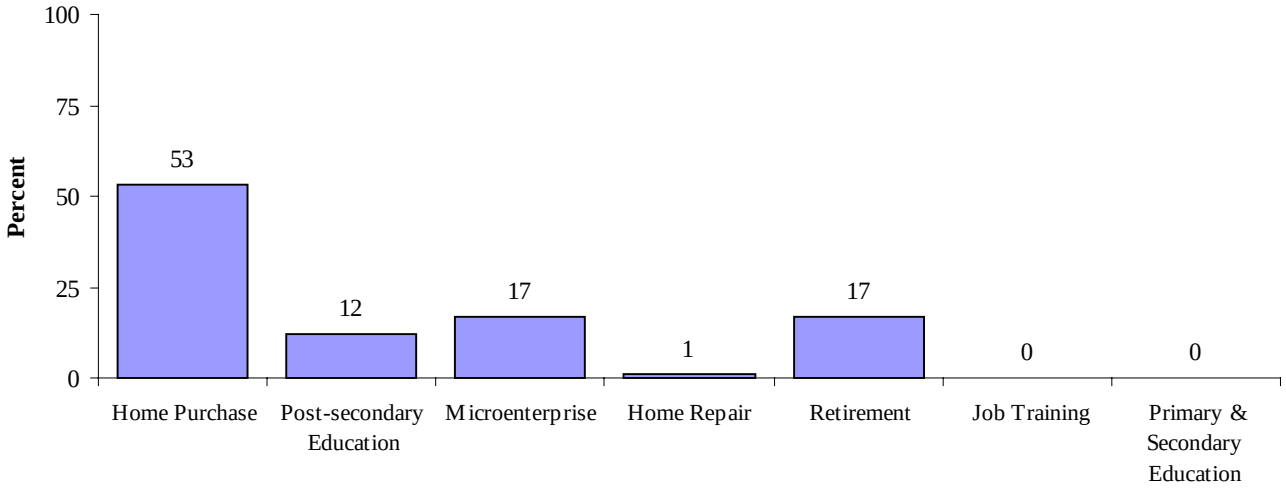


	Dec. 97	June 98	Dec. 98	June 99
Participant Withdrawals	$0.00	$0.00	$1,120.80	$1,810.90
Partner Match	$0.00	$0.00	$2,241.60	$3,621.70
Total Matched Withdrawals	$0.00	$0.00	$3,362.40	$5,432.60

Number of Participants Who Made Matched Withdrawals, Cumulative



Intended Use of IDA Account



Human Solutions, Inc.

Participant Characteristics

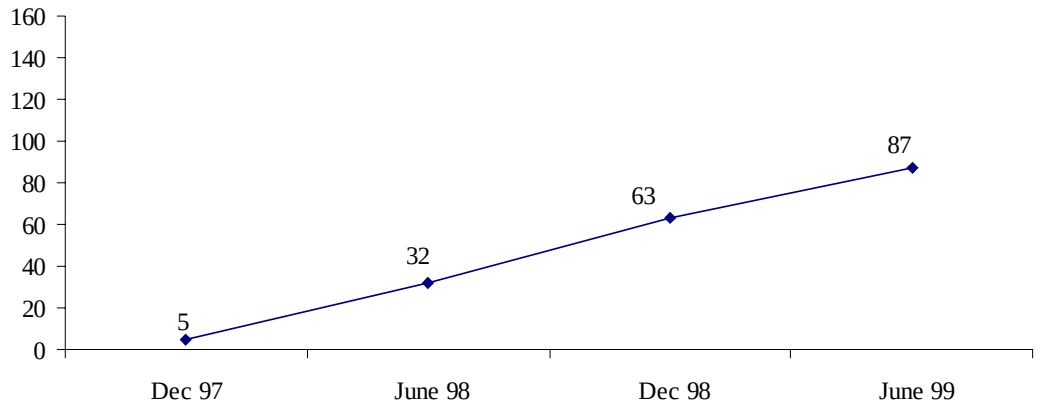
Gender	
Female	79%
Male	21%
Residence	
Urban	100%
Rural	0%
Race/Ethnicity	
Caucasian	69%
African American	12%
Latino or Hispanic	14%
Asian or Pacific Islander	2%
Native American	1%
Other	2%
Age	
Under 20	1%
20s	28%
30s	38%
40s	30%
50 and Over	3%
Marital Status	
Single,-Never Married	38%
Married	26%
Divorced	29%
Separated	7%
Widowed	0%
Household Type	
Single with Children	58%
Single without Children	16%
Married with Children	23%
Married without Children	3%
Education	
Did Not Complete High School	10%
High School Diploma or GED	27%
Attended College	38%
Graduated College	25%
Employment Status	
Employed Full-time	48%
Employed Part-time	29%
Unemployed Involuntarily	14%
Not Employed Voluntarily	9%

Children in Household	
No Children	19%
1 Child	18%
2 Children	36%
3 Children	20%
4 Children	6%
5 or more Children	1%
Adults in Household	
1	58%
2	36%
3	6%
4	1%
5 or more	0%
Income Poverty Level	
.50 and Below	9%
.51 to .75	14%
.76 to 1.00	15%
1.01 to 1.25	22%
1.26 to 1.50	12%
1.51 to 1.75	11%
1.76 to 2.00	9%
Above 2.00	8%
Total Monthly Household Income	
Below $500	6%
$500-$1,000	24%
$1,001 to $1,500	24%
$1,501 to $2,000	30%
Above $2,000	16%
Household Income by Source*	
Formal Employment	78%
Government Assistance	28%
Self Employment	13%
Child Support	23%
Other	11%
Family/Friends	6%
Pension or Retirement	1%
Investment	2%
Welfare Status	
Never Received TANF/AFDC	67%
Formerly Received TANF/AFDC	30%
Currently Receiving TANF	3%
Bank Use	
Banked	92%
Unbanked	8%

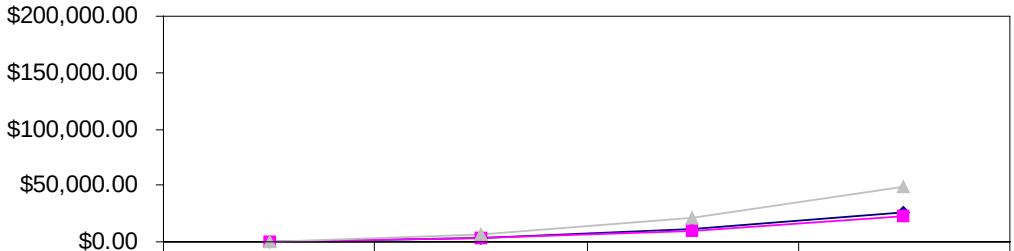
*Percentages do not sum to 100 because participants may have more than one source of income.

Savings Patterns: Human Solutions

IDA Enrollment, Cumulative



IDA Savings, Cumulative*



	Dec 97	June 98	Dec 98	June 99
Participant Savings	$200.40	$3,829.10	$11,004.20	$25,795.40
Matching Funds	$200.40	$3,333.20	$10,389.00	$22,495.20
Total IDA	$400.80	$7,162.30	$21,393.20	$48,290.60

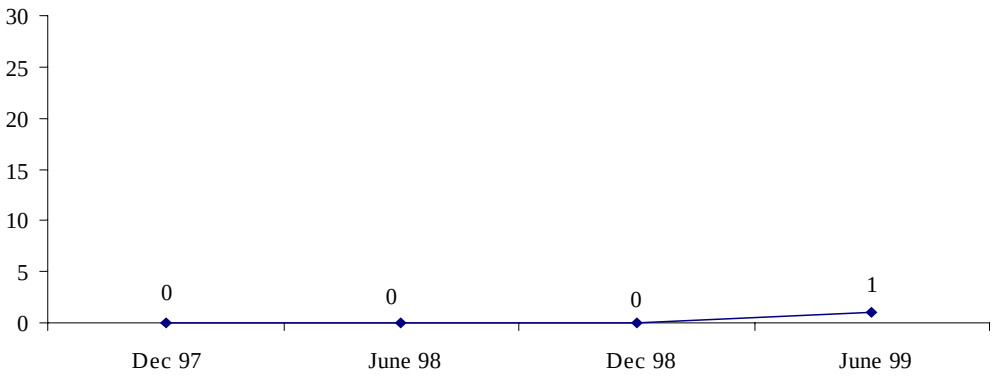
*Includes matched withdrawals.

Savings Patterns: Human Solutions

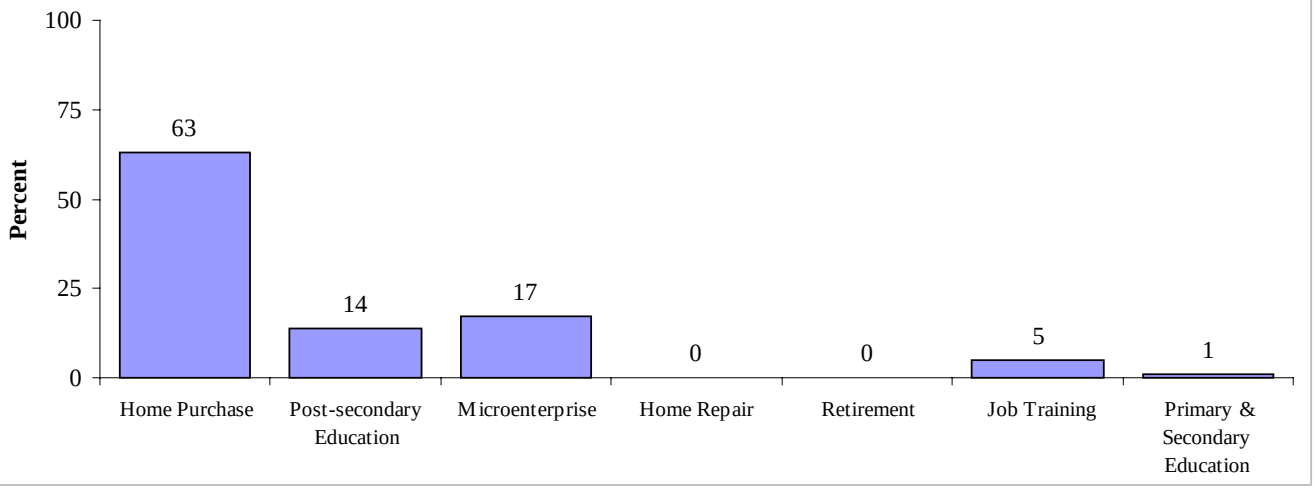
Match Withdrawals, Cumulative

	Dec. 97	June 98	Dec. 98	June 99
Participant Withdrawals	$0.00	$0.00	$0.00	$500.00
Partner Match	$0.00	$0.00	$0.00	$500.00
Total Matched Withdrawals	$0.00	$0.00	$0.00	$1,000.00

Number of Participants Who Made Matched Withdrawals, Cumulative



Intended Use of IDA Account



Mountain Association for Community Economic Development (MACED)

Participant Characteristics

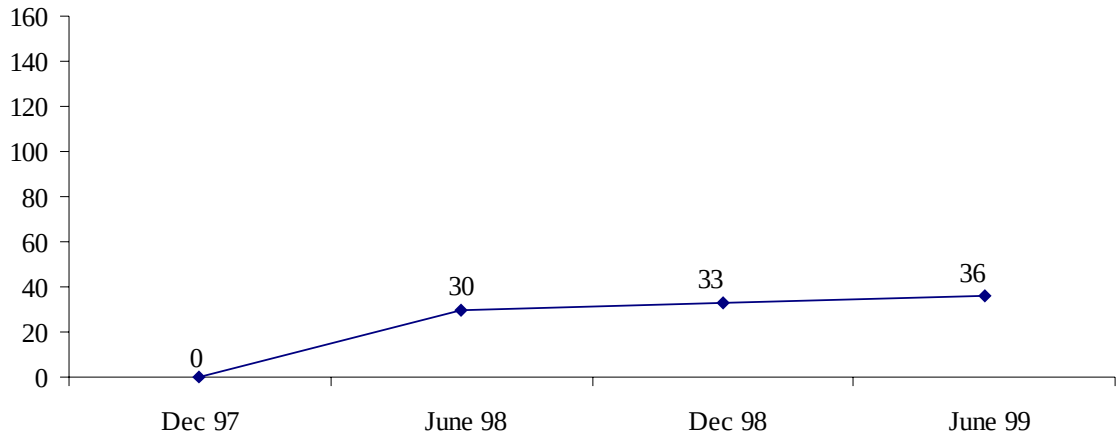
Gender	
Female	83%
Male	17%
Residence	
Urban	0%
Rural	100%
Race/Ethnicity	
Caucasian	100%
African American	0%
Latino or Hispanic	0%
Asian or Pacific Islander	0%
Native American	0%
Other	0%
Age	
Under 20	3%
20s	22%
30s	33%
40s	25%
50 and Over	17%
Marital Status	
Single,-Never Married	17%
Married	58%
Divorced	11%
Separated	8%
Widowed	6%
Household Type	
Single with Children	17%
Single without Children	25%
Married with Children	50%
Married without Children	8%
Education	
Did Not Complete High School	28%
High School Diploma or GED	41%
Attended College	28%
Graduated College	3%
Employment Status	
Employed Full-time	75%
Employed Part-time	17%
Unemployed Involuntarily	3%
Not Employed Voluntarily	5%

Children in Household	
No Children	33%
1 Child	33%
2 Children	28%
3 Children	6%
4 Children	0%
5 or more Children	0%
Adults in Household	
1	25%
2	64%
3	11%
4	0%
5 or more	0%
Income Poverty Level	
.50 and Below	8%
.51 to .75	22%
.76 to 1.00	17%
1.01 to 1.25	19%
1.26 to 1.50	17%
1.51 to 1.75	14%
1.76 to 2.00	3%
Above 2.00	0%
Total Monthly Household Income	
Below $500	5%
$500-$1,000	28%
$1,001 to $1,500	53%
$1,501 to $2,000	11%
Above $2,000	3%
Household Income by Source*	
Formal Employment	86%
Government Assistance	42%
Self Employment	17%
Child Support	3%
Other	3%
Family/Friends	0%
Pension or Retirement	3%
Investment	0%
Welfare Status	
Never Received TANF/AFDC	94%
Formerly Received TANF/AFDC	3%
Currently Receiving TANF	3%
Bank Use	
Banked	58%
Unbanked	42%

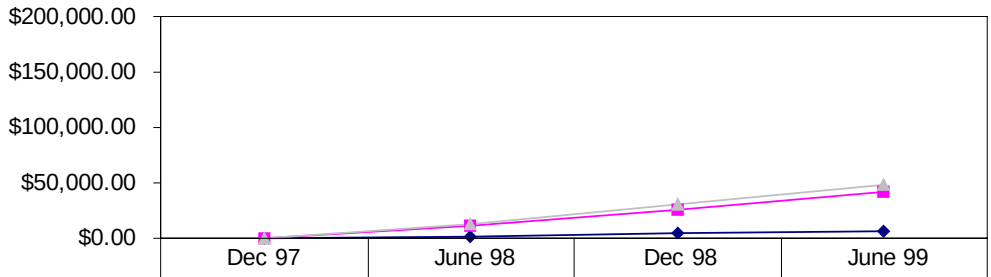
*Percentages do not sum to 100 because participants may have more than one source of income.

Savings Patterns: MACED

IDA Enrollment, Cumulative



IDA Savings, Cumulative*

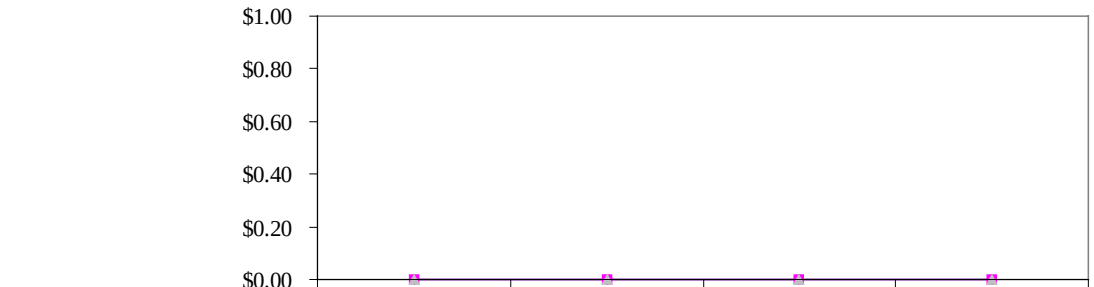


	Dec 97	June 98	Dec 98	June 99
Participant Savings	$0.00	$2,102.90	$4,600.60	$7,041.70
Matching Funds	$0.00	$11,356.00	$26,565.60	$41,784.80
Total IDA	$0.00	$13,458.90	$31,166.20	$48,826.50

*Includes matched withdrawals.

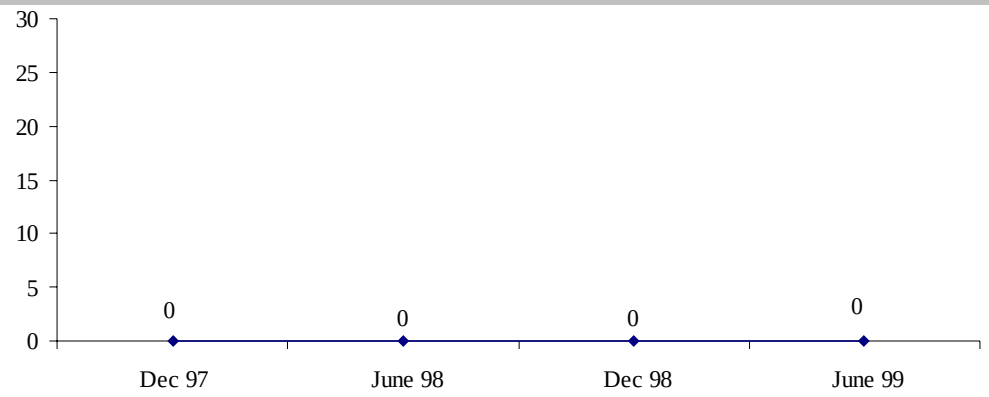
Savings Patterns: MACED

Match Withdrawals, Cumulative

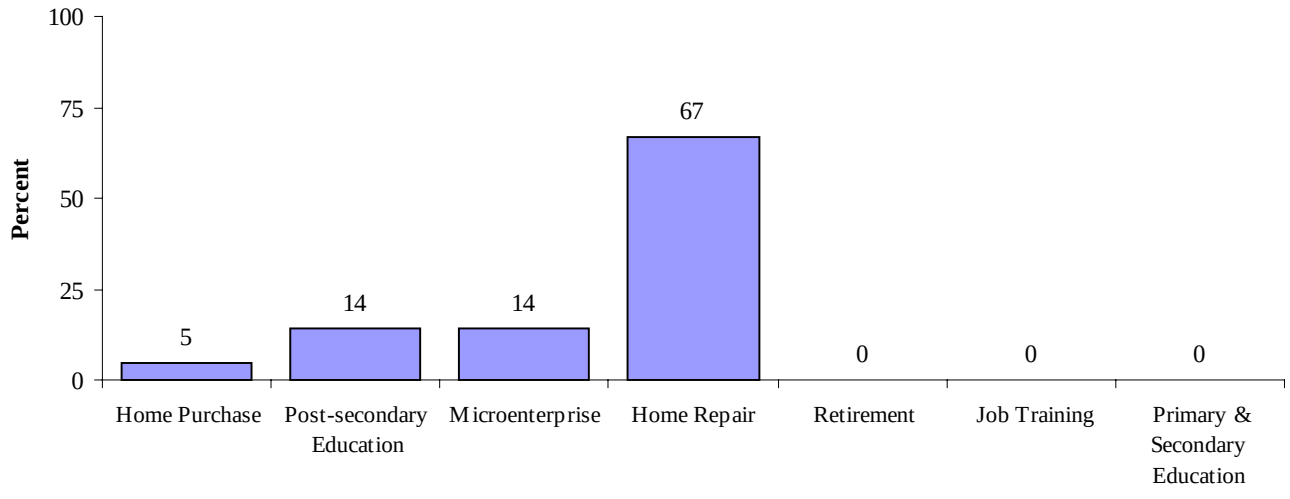


	Dec. 97	June 98	Dec. 98	June 99
Participant Withdrawals	$0.00	$0.00	$0.00	$0.00
Partner Match	$0.00	$0.00	$0.00	$0.00
Total Matched Withdrawals	$0.00	$0.00	$0.00	$0.00

Number of Participants Who Made Matched Withdrawals, Cumulative



Intended Use of IDA Account



Near Eastside IDA Program

Participant Characteristics

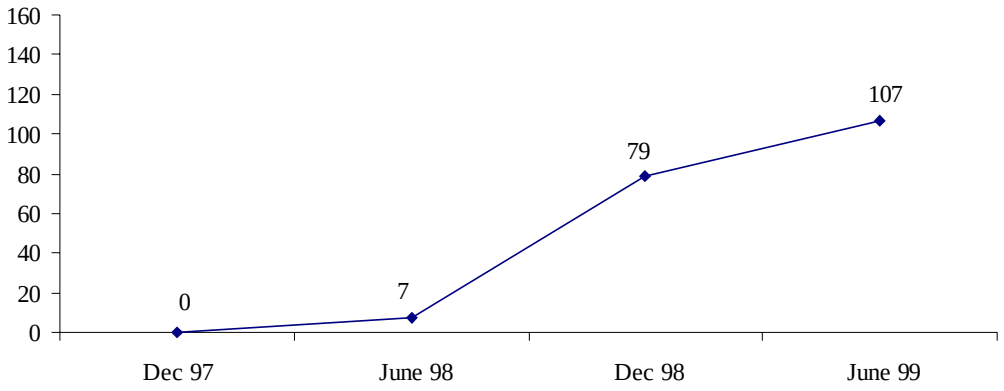
Gender	
Female	72%
Male	28%
Residence	
Urban	99%
Rural	1%
Race/Ethnicity	
Caucasian	31%
African American	61%
Latino or Hispanic	2%
Asian or Pacific Islander	0%
Native American	2%
Other	4%
Age	
Under 20	12%
20s	30%
30s	33%
40s	15%
50 and Over	10%
Marital Status	
Single,-Never Married	60%
Married	11%
Divorced	22%
Separated	7%
Widowed	0%
Household Type	
Single with Children	58%
Single without Children	31%
Married with Children	10%
Married without Children	1%
Education	
Did Not Complete High School	31%
High School Diploma or GED	32%
Attended College	31%
Graduated College	6%
Employment Status	
Employed Full-time	40%
Employed Part-time	26%
Unemployed Involuntarily	26%
Not Employed Voluntarily	8%

Children in Household	
No Children	32%
1 Child	17%
2 Children	28%
3 Children	10%
4 Children	7%
5 or more Children	6%
Adults in Household	
1	69%
2	28%
3	1%
4	2%
5 or more	0%
Income Poverty Level	
.50 and Below	22%
.51 to .75	17%
.76 to 1.00	21%
1.01 to 1.25	19%
1.26 to 1.50	16%
1.51 to 1.75	4%
1.76 to 2.00	0%
Above 2.00	0%
Total Monthly Household Income	
Below $500	24%
$500-$1,000	36%
$1,001 to $1,500	27%
$1,501 to $2,000	11%
Above $2,000	2%
Household Income by Source*	
Formal Employment	71%
Government Assistance	29%
Self Employment	3%
Child Support	7%
Other	11%
Family/Friends	3%
Pension or Retirement	2%
Investment	0%
Welfare Status	
Never Received TANF/AFDC	91%
Formerly Received TANF/AFDC	5%
Currently Receiving TANF	4%
Bank Use	
Banked	71%
Unbanked	29%

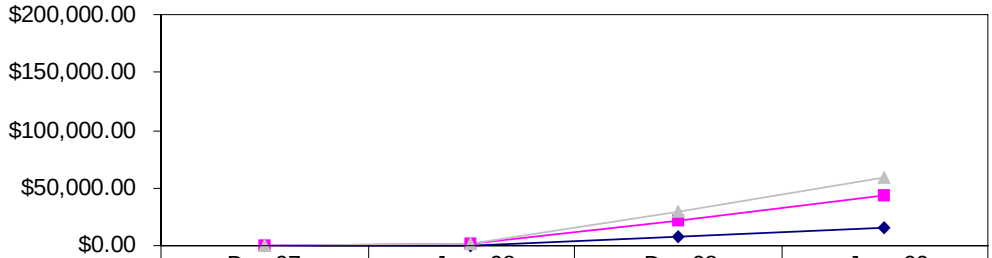
*Percentages do not sum to 100 because participants may have more than one source of income.

Savings Patterns: Near Eastside

IDA Enrollment, Cumulative



IDA Savings, Cumulative*

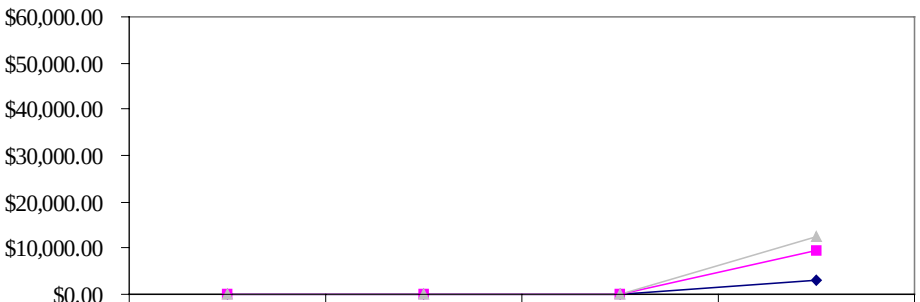


	Dec 97	June 98	Dec 98	June 99
Participant Savings	$0.00	$290.30	$7,103.40	$14,741.90
Matching Funds	$0.00	$870.90	$22,150.70	$43,859.70
Total IDA	$0.00	$1,161.20	$29,254.10	$58,601.60

*Includes matched withdrawals.

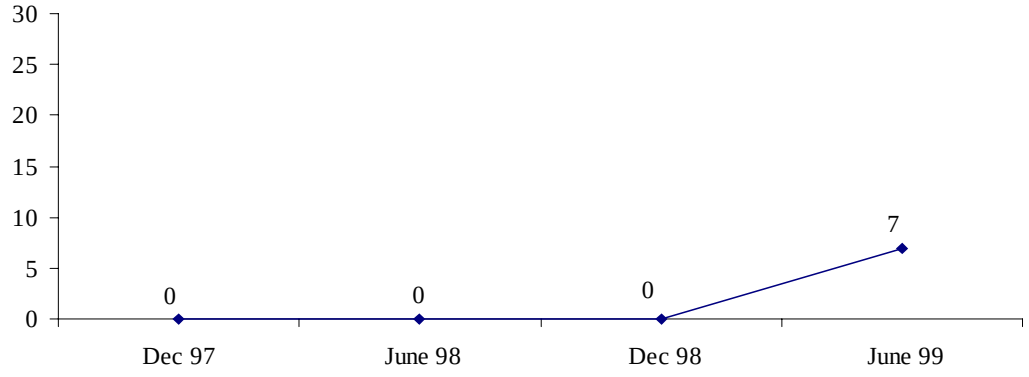
Savings Patterns: Near Eastside

Match Withdrawals, Cumulative

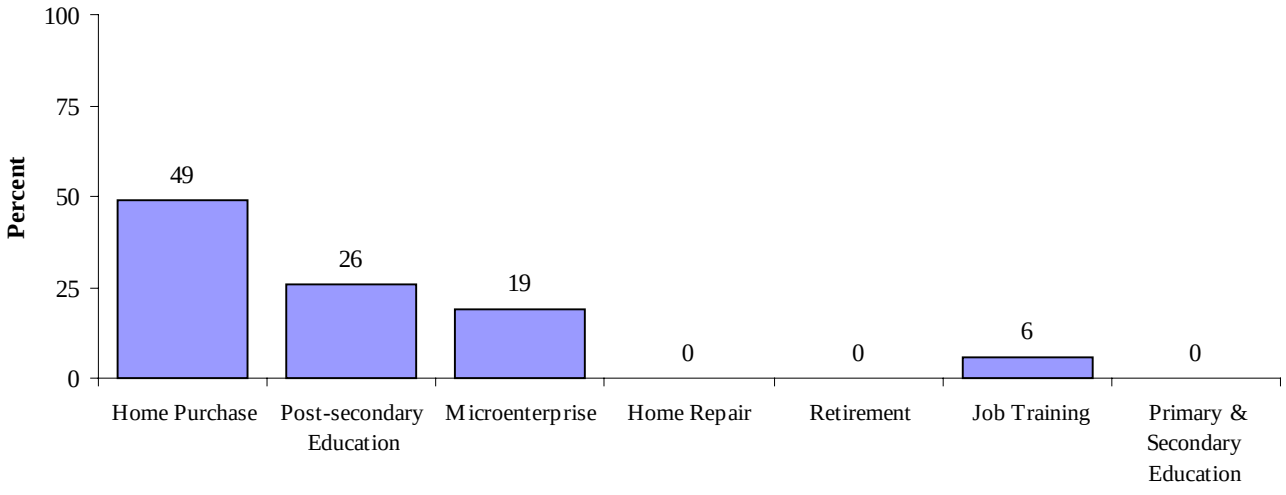


	Dec. 97	June 98	Dec. 98	June 99
Participant Withdrawals	$0.00	$0.00	$0.00	$3,133.00
Partner Match	$0.00	$0.00	$0.00	$9,391.60
Total Matched Withdrawals	$0.00	$0.00	$0.00	$12,524.60

Number of Participants Who Made Matched Withdrawals, Cumulative



Intended Use of IDA Account



Shorebank

Participant Characteristics

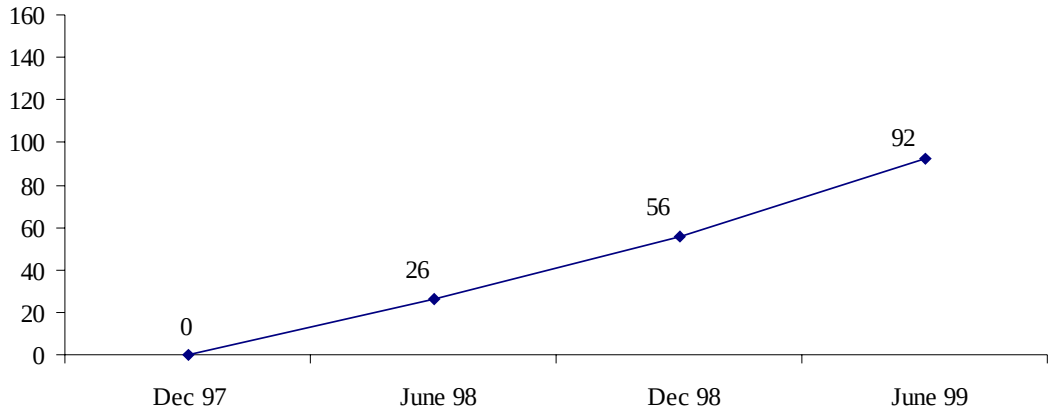
Gender	
Female	78%
Male	22%
Residence	
Urban	100%
Rural	0%
Race/Ethnicity	
Caucasian	3%
African American	96%
Latino or Hispanic	0%
Asian or Pacific Islander	0%
Native American	0%
Other	1%
Age	
Under 20	6%
20s	29%
30s	37%
40s	16%
50 and Over	12%
Marital Status	
Single,-Never Married	63%
Married	12%
Divorced	15%
Separated	7%
Widowed	3%
Household Type	
Single with Children	63%
Single without Children	25%
Married with Children	10%
Married without Children	2%
Education	
Did Not Complete High School	12%
High School Diploma or GED	18%
Attended College	50%
Graduated College	20%
Employment Status	
Employed Full-time	61%
Employed Part-time	24%
Unemployed Involuntarily	12%
Not Employed Voluntarily	3%

Children in Household	
No Children	27%
1 Child	26%
2 Children	23%
3 Children	13%
4 Children	5%
5 or more Children	6%
Adults in Household	
1	65%
2	22%
3	10%
4	2%
5 or more	1%
Income Poverty Level	
.50 and Below	10%
.51 to .75	18%
.76 to 1.00	7%
1.01 to 1.25	13%
1.26 to 1.50	14%
1.51 to 1.75	12%
1.76 to 2.00	10%
Above 2.00	16%
Total Monthly Household Income	
Below $500	5%
$500-$1,000	30%
$1,001 to $1,500	20%
$1,501 to $2,000	25%
Above $2,000	20%
Household Income by Source*	
Formal Employment	79%
Government Assistance	30%
Self Employment	13%
Child Support	7%
Other	7%
Family/Friends	4%
Pension or Retirement	2%
Investment	0%
Welfare Status	
Never Received TANF/AFDC	66%
Formerly Received TANF/AFDC	27%
Currently Receiving TANF	7%
Bank Use	
Banked	72%
Unbanked	28%

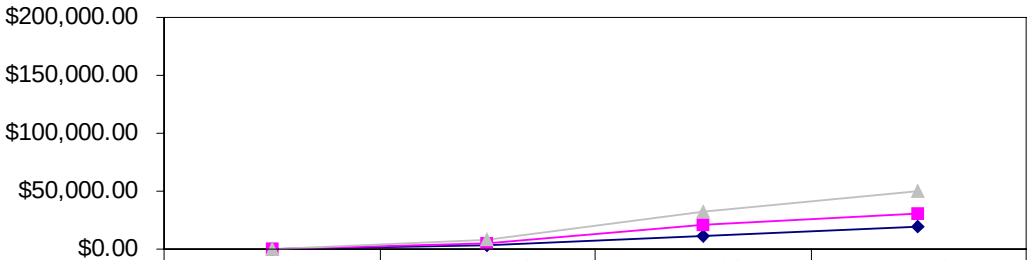
*Percentages do not sum to 100 because participants may have more than one source of income.

Savings Patterns: Shorebank

IDA Enrollment, Cumulative



IDA Savings, Cumulative*

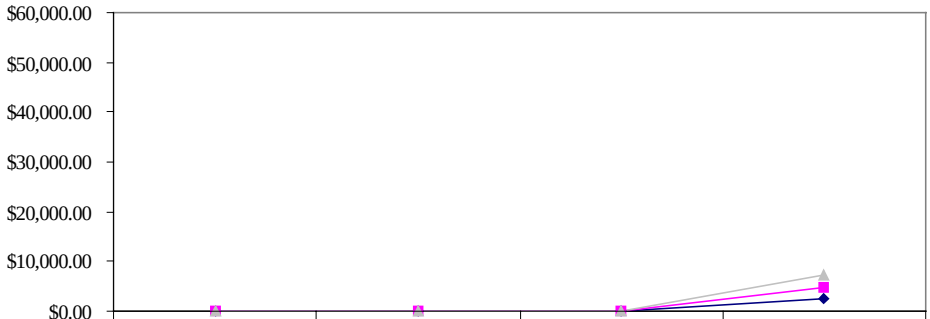


	Dec 97	June 98	Dec 98	June 99
Participant Savings	$0.00	$2,488.00	$11,894.40	$19,377.70
Matching Funds	$0.00	$4,975.90	$20,499.50	$29,980.30
Total IDA	$0.00	$7,463.90	$32,393.90	$49,358.00

*Includes matched withdrawals.

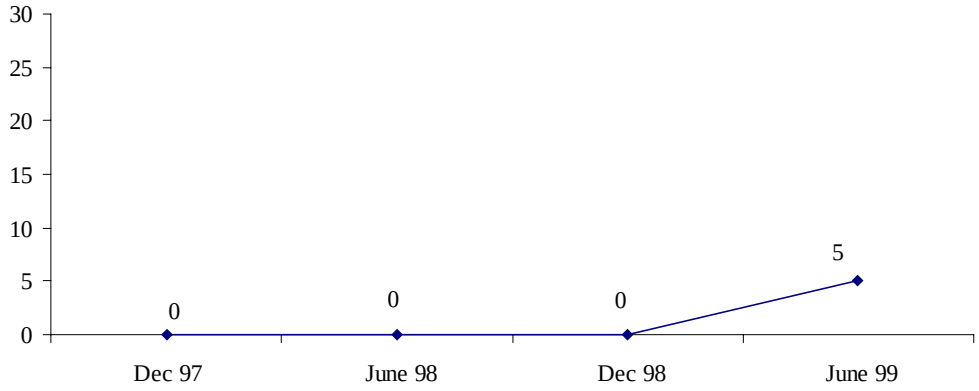
Savings Patterns: Shorebank

Match Withdrawals, Cumulative

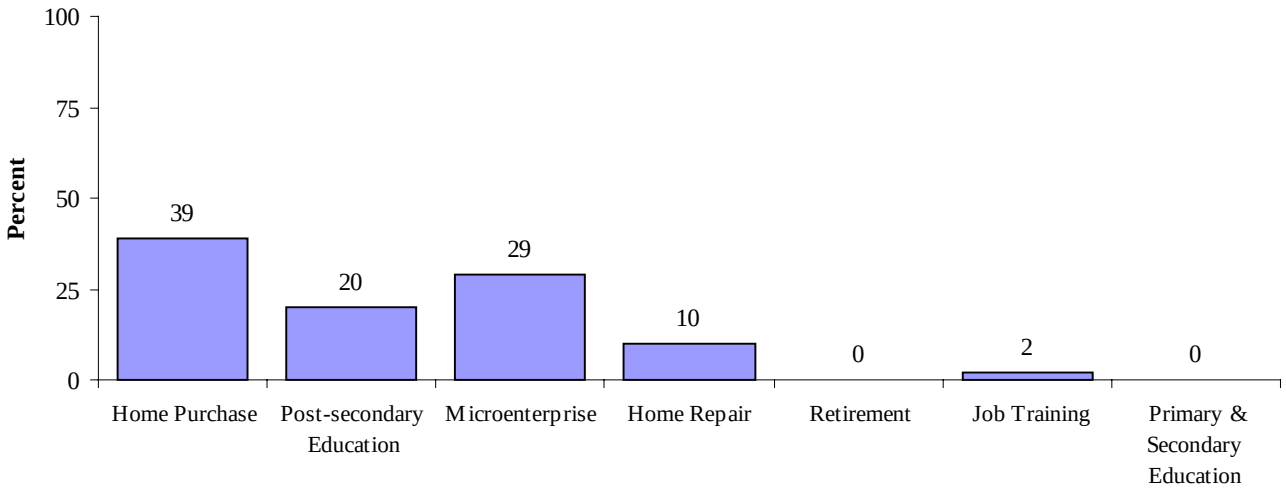


	Dec. 97	June 98	Dec. 98	June 99
Participant Withdrawals	$0.00	$0.00	$0.00	$2,421.70
Partner Match	$0.00	$0.00	$0.00	$4,804.70
Total Matched Withdrawals	$0.00	$0.00	$0.00	$7,226.40

Number of Participants Who Made Matched Withdrawals, Cumulative



Intended Use of IDA Account



Women's Self-Employment Project (WSEP)

Participant Characteristics

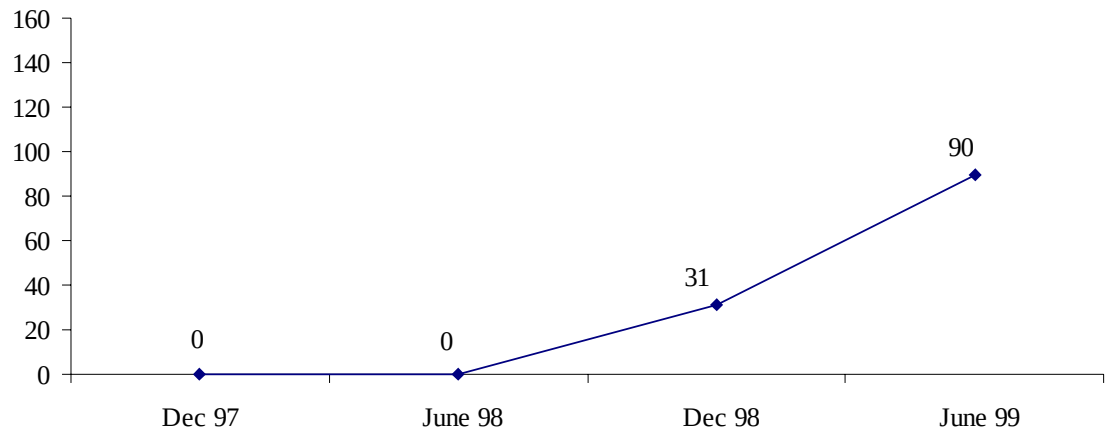
Gender	
Female	96%
Male	4%
Residence	
Urban	94%
Rural	6%
Race/Ethnicity	
Caucasian	11%
African American	88%
Latino or Hispanic	1%
Asian or Pacific Islander	0%
Native American	0%
Other	0%
Age	
Under 20	2%
20s	21%
30s	43%
40s	26%
50 and Over	8%
Marital Status	
Single,-Never Married	72%
Married	6%
Divorced	12%
Separated	9%
Widowed	1%
Household Type	
Single with Children	84%
Single without Children	11%
Married with Children	3%
Married without Children	2%
Education	
Did Not Complete High School	15%
High School Diploma or GED	44%
Attended College	31%
Graduated College	10%
Employment Status	
Employed Full-time	52%
Employed Part-time	32%
Unemployed Involuntarily	16%
Not Employed Voluntarily	0%

Children in Household	
No Children	13%
1 Child	17%
2 Children	22%
3 Children	25%
4 Children	12%
5 or more Children	11%
Adults in Household	
1	69%
2	22%
3	9%
4	0%
5 or more	0%
Income Poverty Level	
.50 and Below	22%
.51 to .75	21%
.76 to 1.00	20%
1.01 to 1.25	18%
1.26 to 1.50	8%
1.51 to 1.75	2%
1.76 to 2.00	4%
Above 2.00	5%
Total Monthly Household Income	
Below $500	14%
$500-$1,000	29%
$1,001 to $1,500	31%
$1,501 to $2,000	14%
Above $2,000	12%
Household Income by Source*	
Formal Employment	56%
Government Assistance	47%
Self Employment	29%
Child Support	13%
Other	12%
Family/Friends	3%
Pension or Retirement	1%
Investment	0%
Welfare Status	
Never Received TANF/AFDC	34%
Formerly Received TANF/AFDC	29%
Currently Receiving TANF	37%
Bank Use	
Banked	53%
Unbanked	47%

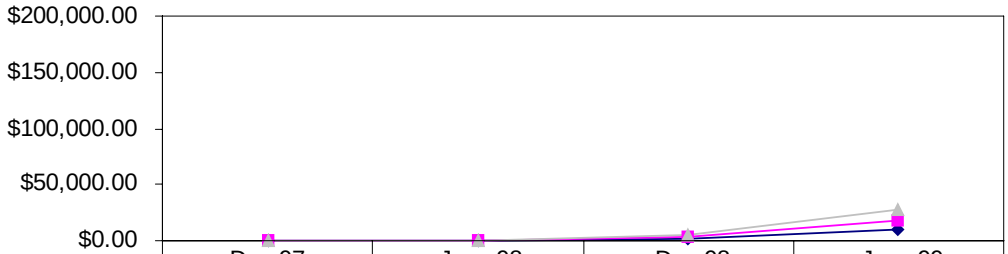
*Percentages do not sum to 100 because participants may have more than one source of income.

Savings Patterns: WSEP

IDA Enrollment, Cumulative



IDA Savings, Cumulative*

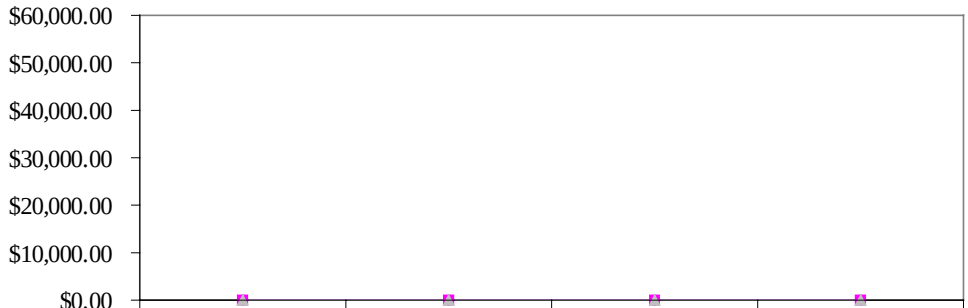


	Dec 97	June 98	Dec 98	June 99
Participant Savings	$0.00	$0.00	$1,514.20	$9,415.50
Matching Funds	$0.00	$0.00	$3,028.40	$18,251.90
Total IDA	$0.00	$0.00	$4,542.60	$27,667.40

*Includes matched withdrawals.

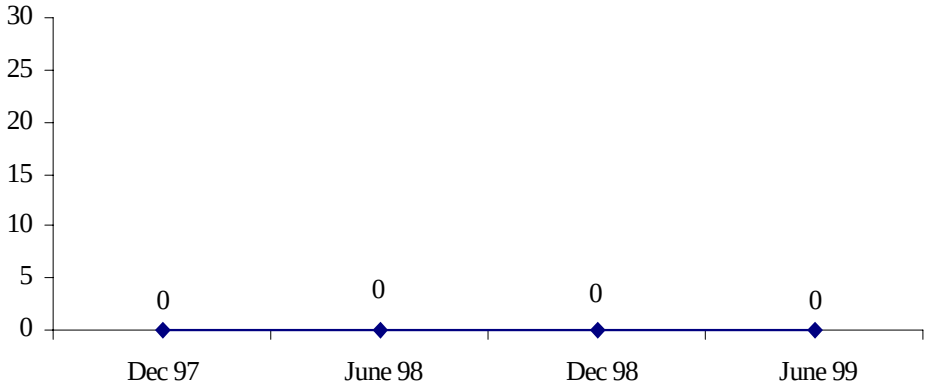
Savings Patterns: WSEP

Match Withdrawals, Cumulative

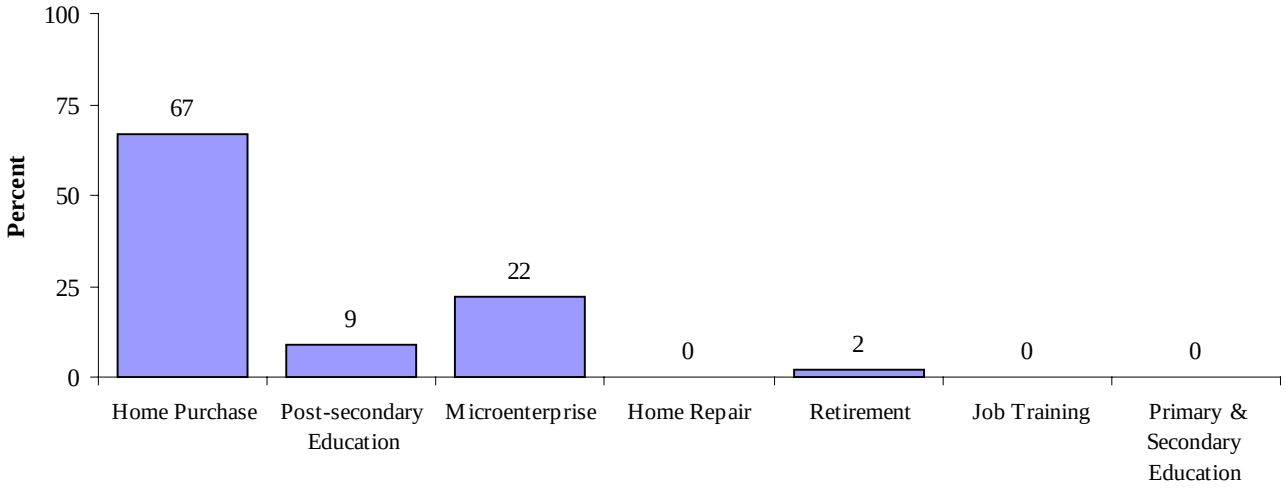


	Dec. 97	June 98	Dec. 98	June 99
Participant Withdrawals	$0.00	$0.00	$0.00	$0.00
Partner Match	$0.00	$0.00	$0.00	$0.00
Total Matched Withdrawals	$0.00	$0.00	$0.00	$0.00

Number of Participants Who Made Matched Withdrawals, Cumulative



Intended Use of IDA Account



Appendix B
Evaluating ADD: Purpose, Methods, Progress

The "American Dream Demonstration" (ADD) is the first systematic evaluation of IDAs. The purpose of ADD is to find out whether IDAs are successful, in what ways, and for whom. Because IDAs are new and there is much to learn, evaluation is central to the purpose of ADD.

The ADD evaluation is multi-faceted; indeed, it may be one of the most thorough and comprehensive evaluations of a social or economic demonstration. The evaluation has been designed by CSD with the advice of an expert Evaluation Advisory Committee. The evaluation employs multiple methods, each with a different purpose, and the evaluation will follow IDA participants over six years (1997-2003). These multiple methods are designed to look at ADD from as many perspectives as possible and to gather timely data as the demonstration progresses in order to inform IDA policy and program development outside of ADD. (See Table B.1.)

Purposes of the ADD Evaluation

The ADD evaluation is intended to yield information in the following areas:

- An answer to the question: Do IDAs work?
- Best IDA program designs and practices.
- Models to guide state and federal IDA policy.
- Knowledge about saving and asset accumulation.

Features of the ADD Evaluation

The evaluation incorporates carefully designed procedures to enhance its quality:

- Guidance from an expert Evaluation Advisory Committee.
- Research designs that follow as much as possible from theoretical statements and that explicitly seek alternative explanations.
- Multiple methods of evaluation, each designed for different purposes.
- Analyses that are based insofar as possible on hypothesis-testing but that also allow for emergence of unanticipated findings.

Research Questions

The ADD evaluation seeks answers to the following questions:

- What are good design features for an IDA program?
- What are the barriers and facilitators in starting and operating a successful IDA program?
- What is the pattern of savings in IDAs?
- What affects saving behavior in an IDA program?
- What are IDA savings used for?
- What is the impact of IDAs on asset accumulation and the use of assets to meet life goals (education, home ownership, starting a business, etc.).

- What are the additional effects (social, psychological, and economic) of asset holding for IDA participants and their families?
- What is the financial return of an IDA program to participants and society?
- What are the community-level effects of an IDA program?

Research Methods

The ADD evaluation uses eight research methods:

- Implementation assessment.
- Program monitoring.
- Experimental design survey.
- In-depth interviews with participants.
- Assessment of community level effects.
- Return on investment (or benefit-cost) analysis.
- Brief cross-sectional survey.
- Case studies of participants.

Table B.1 Research Methods in ADD

Research Type	Purpose	Method	Analysis	Evaluator	Comments
Assessment of IDA Program Implementation	To describe IDA programs-as-implemented so that different programs results can be meaningfully compared and communicated as lessons for other IDA programs.	Case studies using program records, guided narratives, interviews and focus groups of staff and participants. Intensive case study during years 1 and 2.	Pattern matching and time-series comparisons.	CSD	Two-year study; completed data collection in March 1999.
Monitoring / Management Information System (MIS IDA)	To track program-level performance, and to collect saving and basic individual-level data on all participants	Periodic monitoring of IDA participation and use of savings. MIS IDA monitoring software is being used by each IDA program (N=all participants and all programs)	Tabulation of results by program, by program and participant characteristics, with statistical analysis.	CSD	Annually across four years of demonstration, perhaps beyond. Designed by CSD.
Experimental Design Survey	To provide individual-level data on IDA participation and use, savings behavior, and the effects of asset accumulation, compared to a control group.	Random sample survey of 1,100 with control group designed to test the effects of IDA participation. Location: at one large site. Three waves of survey (years 2, 4, and 6). CSD designed and pre-tested the questionnaire. Abt Associates is collecting data. (N=1100)	Statistical	Abt Associates	Abt Associates will analyze and report on the basic policy impacts. CSD will analyze and report on questions regarding savings behaviors and effects of asset accumulation.
In-depth Interviews	To add detail, examples, and understanding to fixed-format survey results.	Purposeful, small sample interviews, guided but open ended. (N=40 to 100)	Qualitative analysis program	CSD	Years 3 and 5. Designed by CSD.
Assessment of Community Level Effects	To assess community impacts, such as improved neighborhood conditions and civic engagement.	*Method one*: undertake community level assessment with social indicators and visual assessments. *Method two*: use individual level survey questions to evaluate community participation and involvement.	*Method one*: pre- and post-differences in IDA community vs. comparison community. *Method two*: Statistical	Research consortium in Atlanta CSD	Assessment is being carried out in Atlanta. Survey results will be analyzed by CSD.

Table B.1 Research Methods in ADD *continued*					
Research Type	**Purpose**	**Method**	**Analysis**	**Evaluator**	**Comments**
Return on Investment (or Benefit-Cost) Analysis	To calculate IDA program results in financial terms from the perspectives of different groups of stakeholders.	Identify program costs and outcomes for participants and society that have clear financial returns (using data from program monitoring and survey instruments).	Return on investment analysis, or alternatively, benefit-cost analysis.	CSD	Calculations during year 5 (first follow-up year).
Brief Survey	To assess IDA outcomes in a cross-sectional survey.	Fixed format, short survey. (N=400 to 500)	Statistical	CSD	Year 3
Participant Case Studies	To include biographical context.	Multiple interviews over two days at the participant's home. (N=18)	Qualitative analysis program.	CSD	Year 3

Progress of the ADD Evaluation

Assessment of IDA program implementation. Every six months for the past two years, we have asked IDA programs to fill out an open-ended "guided narrative" that assesses many aspects of program implementation and administration. After reviewing this information, we have undertaken a face-to-face interview with a representative from each of the 13 sponsoring organizations. All four rounds of data collection, both guided narratives and interviews, have been successfully completed in September 1997, March 1998, October 1998, and March 1999. Dr. Deborah Page-Adams of the University of Kansas, a CSD faculty associate, has led the implementation-assessment team. Dr. Ed Scanlon, now at the University of Washington in Seattle, Freda Bady of CSD, and Lissa Johnson of CSD have helped carry out the interviews. A report on the first year of implementation is part of the *Start-Up Evaluation Report*. A final implementation report on the first two years will be available in early 2000.

Monitoring/management information system (MIS IDA). CSD had, as of June 1998, collected data from Version 1.0 of MIS IDA. The *Start-Up Evaluation Report* reflected data collected from this version. Since then, MIS IDA has been considerably upgraded. With the advent of Version 2.0, MIS IDA became commercially available to non-ADD IDA programs. The current version is 2.02. Version 3.0 became available in January 2000. MIS IDA has been very successful in facilitating IDA start-ups in community organizations and state IDA networks. To date, CSD has distributed over 120 copies of MIS IDA nationwide. Many of these are being used to manage multiple IDA programs, including five statewide IDA networks. The success of MIS IDA is reflected in the fact that the Federal Assets for Independence Act (AFIA) being implemented by the Department of Health and Human Services (HHS) stipulate the use of MIS IDA or comparable software.

Experimental design survey. The experimental design survey is being conducted at CAPTC, with data collection by Abt Associates, using a questionnaire that was developed by CSD over several years. Data collection for wave one began in October 1998 and was completed in Fall 1999. Wave 2 will begin in October 2000.

In-depth interviews. In-depth interviews will occur in 2000 with a purposeful subsample of the experimental survey sample. A preliminary instrument for in-depth interviews has been designed at CSD by Dr. Margaret Sherraden and during the coming year it will be refined and pre-tested. We have consulted with Dr. Kathy Edin, a member of the Evaluation Advisory Committee, in design of this part of the evaluation. The original plan was to carry out in-depth interviews in years two and four, but CSD has decided to move this component of the evaluation to years three and five (when the fixed-format survey will not be occurring).

Assessment of community-level effects. Community-level evaluation requires a concentration of IDAs within an identified geographical area because unless IDAs reach a certain concentration, we would anticipate no measurable community-level effects. Because no appropriate site for this evaluation exists within ADD, we are have looked elsewhere. The Atlanta United Way is using IDAs for homeownership as a neighborhood-revitalization strategy, concentrating on specific neighborhoods. Following a year of discussion with Martha Taylor Greenway of the Atlanta United Way, we completed an agreement regarding a community-level

evaluation at that site. An evaluation team has been formed, led by Dr. James Emshoff, a researcher at Georgia State University, with other researchers from Emory University and The Atlanta Project. Team members have prior experience with community-level evaluation. CSD has contracted with Atlanta United Way to support a portion of the costs. Support will also come from Annie E. Casey Foundation neighborhood research funds.

Return on human investment analysis. A framework and design for the ROHI is being completed by Drs. Shirley Porterfield and Mark Schreiner at CSD, so that we know what program-cost information we need to collect in MIS IDA and what data on participant costs and outcomes we need to measure in the experimental design survey. These data will be collected during the demonstration, but the analysis and report will not take place until the fifth year of ADD. At the meeting of the Evaluation Advisory Committee in March 1999, discussion pointed to the importance of getting good cost data from the programs. CSD will design additional measures for collection of cost data from all IDA programs.

Brief survey. Wave two data from the experimental design survey (which will give some idea of how IDA participants are doing compared to controls) will not be collected until year four of ADD (2001), and this is a long time to wait for impact data. As an interim measure, CSD is undertaking a limited cross-sectional survey of IDA participants who are not at the large site. This brief or "snap shot" survey asks participants about their IDAs, saving behavior, and effects of asset accumulation. Esther Cho, Sandy Beverly, and Michael Sherraden of CSD have prepared and revised the instrument for this survey; it was pre-tested in May 1999 at one IDA program, and is now being administered at seven other IDA programs by Amanda Moore and Margaret Lombe. At this writing, the data are almost in for about 400 IDA participants. The report from the brief survey will be out in Spring 2000. It will offer useful and interesting glimpses on how IDA participants save (consumption efficiency is a strong theme) and how IDAs affect participants and their families.

Participant case studies. Case studies are similar to in-depth interviews, but they are much more extensive. Case studies are extended interviews, seeking a more extended biography of the IDA participant and of the ways in which IDAs have affected the person's life. Furthermore, we can follow cases by re-interviewing at a later date. Both successful and unsuccessful IDA participants are being interviewed. One of the purposes of the case studies is to have examples that can be interwoven into a future book on the ADD evaluation, to detail and bring to life the quantitative data. Dr. Margaret Sherraden of the University of Missouri, Karen Edwards and Freda Bady of CSD, and graduate students Courtney Everson and Philip Hong have conducted multiple interviews with sixteen participants at several of the IDA programs (in rural Vermont, Washington, DC, Chicago, Kansas City, and San Francisco).

Evaluation on Course, Impact on Policy Innovation

CSD's working relationship with CFED and the 13 sponsoring organizations in ADD remains very positive. There have been many times when program and evaluation interests conflict, and we have always been able to work these out. Whenever CSD needs to do something for evaluation, CFED and the IDA programs sponsors have gone the extra mile to make it possible. The commitment to getting good evaluation data, on everyone's part, could not be stronger.

All components of the ADD evaluation are moving ahead successfully. The ADD evaluation is among the most data-rich policy demonstrations, and quite likely there will be large payoffs for this effort.

Indeed, we have already seen these payoffs in ADD's influence in federal policy-making. For example, as the Department of Treasury (DOT) designed President Clinton's 1999 proposal for Universal Savings Accounts (USAs), DOT staff called CSD many times with specific requests for data on savings patterns in ADD. That we had these data available, demonstrating that low-income households can save, considerably influenced the USA proposal. CSD is pleased to report that this is one instance when research results directly affected a major policy proposal.

Promoting IDA Evaluations beyond ADD

Many other IDA programs are beginning to think about evaluation using CSD materials or technical assistance. As an early strategy for building evaluation capacity, CSD distributed copies of the *IDA Evaluation Handbook* (1995) on request to over 200 local programs and state governments, and many more copies of the *Handbook* were downloaded from CSD's webprogram.

Another major CSD initiative is conducting training and supporting the widespread use of MIS IDA. In addition to facilitating IDA program development and administration, MIS IDA creates a database on program features, participant characteristics, savings amounts and patterns, and uses of IDAs. This database can then be sent to a central location and merged with other IDA programs databases for analysis.

Appendix C
ADD Evaluation Advisory Committee

Ms. Margaret Clark, Director the Self-Employment Learning Project at the Aspen Institute, an award-winning study of the effects of microenterprise programs.

Dr. Claudia Coulton, Director of the Center on Urban Poverty and Social Change at Case Western Reserve University, investigator in numerous studies of urban poverty and community development.

Dr. Kathryn Edin, Department of Sociology, University of Pennsylvania, specialist in qualitative methods in studying low-income households, author of *There's a Whole Lot of Month Left at the End of the Money*.

Dr. John Else, Founder and Chair of the Board of the Institute for Social and Economic Development (ISED), and Director of ISED East, experienced in evaluation and monitoring of microenterprise and other economic-development strategies.

Mr. Robert Friedman (liaison from IDA demonstration), Founder and Chair of the Board of the Corporation for Enterprise Development, director of the ADD demonstration, author of *The Safety Net As Ladder*.

Dr. Irving Garfinkel, School of Social Work, Columbia University, researcher in poverty and inequality, policy innovator and evaluator of child-support payments.

Dr. Karen Holden, La Follette Institute of Public Affairs, University of Wisconsin, author of numerous studies of household economics and gender.

Dr. Laurence Kotlikoff, Department of Economics, Boston University, expert on intergenerational transfers, savings, and public policy, author of *What Determines Savings.*

Dr. Robert Plotnick, Department of Public Affairs, University of Washington, author of several important studies on poverty and inequality, professor in public affairs and social work.

Dr. Salome Raheim, Dean of the School of Social Work, University of Iowa, researcher on Self-Employment Learning Project (evaluation of microenterprise), and author of numerous papers on microenterprise.

Dr. Marguerite Robinson, Harvard Institute for International Development, Harvard University, expert on design and evaluation of development finance institutions and savings in poor households.

Dr. Clemente Ruiz Duran, Director of Post-Graduate Program in Political Economy, expert in small-scale savings and asset-based policy in Latin America and East Asia, author of more than a dozen books on economic development and social policy.

Dr. Thomas Shapiro, Department of Sociology, Northeastern University, expert on assets and race, co-author of *Black Wealth/White Wealth.*

Dr. Michael Sherraden (convenor), Director of the Center for Social Development, Washington University, author of *Assets and the Poor*, director of ADD evaluation.

Appendix D
Center for Social Development
Washington University in St. Louis

The Center for Social Development is part of the George Warren Brown School of Social Work at Washington University in St. Louis. Washington University is a research institution of national and international standing, with excellence in many schools and departments. The School of Medicine and Department of Biology are particularly strong, and Washington University is at the forefront in many areas of biomedical research.

The George Warren Brown School of Social Work (GWB) is consistently ranked among the top schools of social work in the United States. In the latest ranking by *US News and World Report*, GWB was tied for first as best school of social work in the country. GWB is known for its strong emphasis on academic quality and the research productivity of its faculty. The Doctoral Program at GWB is highly regarded for advanced training in quantitative data analysis. Also at GWB are the Center for Mental Health Services Research, the first such center in a school of social work in the country, funded by the National Institute of Mental Health to undertake studies of mental-health services; and the Buder Center for American Indian Studies, which is unique as the only social work research and teaching center focusing on American Indians.

The Center for Social Development (CSD) began in 1994 with Michael Sherraden as the founding director. Although relatively new, CSD has established itself as a leading academic center in social development. Social development refers to focusing on a wide range of capacities of individuals, families, and communities, as opposed to a more traditional social services focus on problem-solving and maintenance. CSD has a multipurpose agenda encompassing social theory, research, policy innovation, projects in the community, and teaching. CSD projects connect academic and applied interests and build bridges across public, non-profit, and private sectors. Both academic excellence and real-world impact are emphasized. CSD publishes a working paper series and occasional policy reports, and co-sponsors an interdisciplinary Seminar on Work, Families, and Public Policy at Washington University. Substantively, CSD's work has focused in the following areas: (1) building assets of individuals and families so that they can invest in life goals such as homes, education, and enterprise development; (2) investing in people to increase participation in the economy and involvement in society; (3) promoting strong communities, active citizenship, mutuality, and interracial harmony; and (4) creating responsive and effective human-service and community-development organizations.

CSD is a hub of theory and research on asset-based domestic policy, i.e., strategies that promote saving and investment (in contrast to income and consumption). CSD's work has focused particularly on impoverished populations, designing and testing matched savings in the form of individual development accounts (IDAs). CSD plays a leading role in designing and carrying out evaluations of IDA programs. In applied work, CSD works closely with the Corporation for Enterprise Development (CFED) and has helped write IDA legislation at federal and state levels,

assisted with IDA program implementation in dozens of communities, and contributed to the development of President Clinton's 1999 proposal for Universal Savings Accounts (USAs).

In related work, CSD is currently undertaking studies of poverty, income, and assets using existing data sets such as the Panel Study of Income Dynamics and the National Survey of Families and Households. CSD has contracted with The Aspen Institute to carry out in-depth interviews for Wave Four of the Self-Employment Learning Project (a study of low-income entrepreneurs) which is currently in the writing phase. The CLASS Project (a study of adolescent motivations and educational success in an urban high school), with funding by the National Institute of Maternal and Child Health, is also at CSD. A study of welfare reform in rural areas is funded by the U.S. Department of Agriculture. CSD has also designed a graduate training program in Urban Family and Community Development, which is funded by the Danforth Foundation and the State of Missouri. In a December 1998 initiative, CSD hosted a multidisciplinary conference of top gerontologists to specify theoretical perspectives and develop a research agenda in "productive aging"; this conference was supported by the National Institute on Aging. Work on youth service is being planned for 2000.

For more information on CSD's work, contact the Center for Social Development, Campus Box 1196, Washington University, One Brookings Drive, St. Louis, Missouri 63130;
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